Application Proof of

Allystar Technology (Shenzhen) Co., Ltd.
深圳華大北斗科技股份有限公司

(the "**Company**")

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

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Allystar Technology (Shenzhen) Co., Ltd.
深圳華大北斗科技股份有限公司

(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 [REDACTED])**
Number of [REDACTED]	:	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	:	**[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	:	**RMB1.00 per H Share**
[REDACTED]	:	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

[REDACTED]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

[REDACTED]

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This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to **[REDACTED]** *in the* **[REDACTED]**.

There are risks associated with any **[REDACTED]**. *Some of the particular risks in investing in the* **[REDACTED]** *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OVERVIEW

We are a leading provider of spatial positioning services in China powered by the BeiDou satellite navigation system. Headquartered in Shenzhen, China, we are a leading provider in navigation and positioning chip design, offering chips and modules that support BeiDou and major global GNSS systems, along with GNSS-related solutions. Our strengths lie in advanced chip-level dual-frequency high-precision positioning technology, low-power solutions, and highly integrated SoC design technology, giving us a significant competitive edge in the industry. In 2024, our shipments of GNSS chips and modules reached 16.1 million units, and according to the CIC Report, we are the sixth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of GNSS chips and modules, with a global market share of 4.8%. In 2024, we are the fourth-largest global GNSS spatial positioning services provider and the largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of dual-frequency high-precision RF baseband integrated GNSS chips and modules, with a global market share of 10.5%, according to the same source.

We offer a comprehensive portfolio of GNSS chips, modules, and related solutions tailored to a diverse range of applications. We also provide comprehensive chip and module products, selling a broad product portfolio of communication and memory products that are essential to a wide variety of electronic equipment. Our core products include standard precision and high-precision chips applied in the field of mass consumption, high-precision chips applied in professional and special fields such as automotive and transportation, and BeiDou short message communication chips applied in the fields of mass consumption electronics and industrial applications. Our GNSS chips, modules and related solutions for bike-sharing, intelligent driving, smart phones, smart wearable devices, the Internet of Things ("**IoT**"), weather monitoring and deformation monitoring enable precise and efficient navigation and positioning, position tracking, displacement monitoring and satellite communications.

With a strong commitment to innovation, we invest significantly in research and development (R&D) to maintain our competitive edge. Our R&D team specializes in GNSS technology, focusing on high-integration SoC design, chip-level dual-frequency high-precision positioning technology, ultra-low power consumption technology, AI integrated positioning algorithms, and multi-source fusion navigation. We have pioneered key technologies, including single-chip multi-frequency positioning, dynamic anti-interference filtering, and ultra-low power consumption solutions. Our chips support a wide range of satellite systems, including BeiDou, GPS, GLONASS, Galileo, QZSS, and NavIC, ensuring global coverage and superior accuracy.

Our technological advancements and industry contributions have earned us numerous accolades. We have received awards such as "China Patent Excellence Award (中國專利優秀獎)," the "Satellite Navigation and Positioning Science and Technology Award — Gold Award of the Innovation and Application Award for Satellite Navigation and Positioning (衛星導航定位科學技術獎 — 衛星導航定位創新應用獎金獎)," the 11th China Technology Market Association Golden Bridge Award (第十一屆中國技術市場協會金橋獎) from the Technology Market Association of China, the "Guangdong Provincial Science and Technology Progress Award — Second Prize (廣東省科技進步獎二等獎)," and "Hong Kong Awards for Industries: Technological Achievement Certificate of Merit (香港工商業獎: 科技成就優異證書)." Additionally, we were recognized as one of the "Specialized and Innovative Little Giant Enterprises (專精特新"小巨人"企業)" by the Ministry of Industry and Information Technology, further solidifying our position as a leading GNSS chip technology company.

We have demonstrated strong financial growth, driven by increasing adoption of BeiDou-based solutions and expanding market demand for high-precision navigation. Our revenue decreased slightly from RMB698.0 million in 2022 to RMB645.1 million in 2023 but increased significantly to RMB840.3 million in 2024. Our R&D investments have remained a significant portion of our total expenses, underscoring our long-term commitment to technological advancement. As we continue to scale our business and improve cost efficiencies, we anticipate further revenue growth and a continued path toward sustained profitability in the coming years.

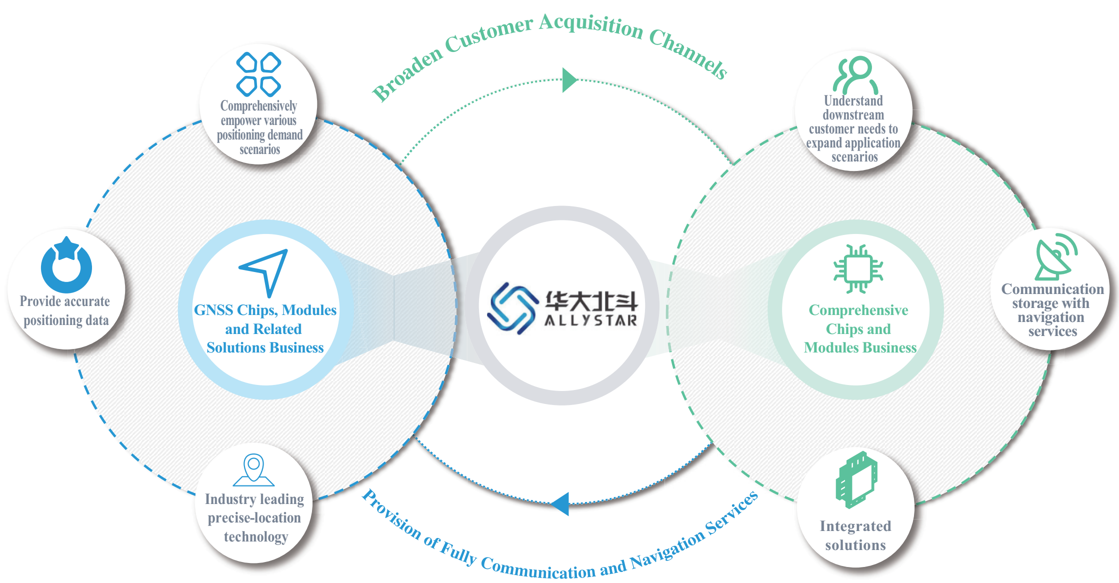
OUR BUSINESS MODEL

We offer extensive products and solutions along the satellite navigation and positioning industry value chain, with a strategic priority on the design and sale of BeiDou GNSS chips, modules and related solutions. Our business lines primarily consist of: (i) GNSS chips, modules and related solutions business, and (ii) comprehensive chips and modules business.

Our business model is built on an integrated approach where our two business lines complement each other. We prioritize the design and sale of BeiDou GNSS chips, modules and related solutions, while also offering a range of third-party chip solutions, such as communication and storage chips, to meet the needs of downstream integrators and solution providers as per their requests. The comprehensive chip and module business is a strategic extension of our navigation and positioning business. Through these complementary offerings, we are able to serve our customers' comprehensive needs for GNSS and other types of chips and modules relevant to their businesses, thereby creating long-term engagement opportunities that ultimately drive the growth of our core business. This strategy allows us to establish deep customer relationships and build a strong supply chain foundation, paving the way for expanded adoption of our core navigation and positioning products as well as meeting different demands of our downstream customers.

Synergies Between Business Lines

We operate our two business lines in a synergistic manner:



- Our GNSS chips, modules and related solutions business and comprehensive chips and modules business share certain common downstream customers, such as Internet companies, communication equipment integrators, IoT companies, as well as manufacturers of mobile phones, automobile, modules and trackers. The customers often need a variety of chips and modules with functions of communications and storage. The third-party products we sold are mainly communication baseband chips, storage chip modules and RF chips, which complement our own GNSS chips, modules and related solutions and help better meet customers' comprehensive needs.

- The customer overlap between our GNSS chips, modules and related solutions business and comprehensive chips and modules business creates plenty of cross-selling opportunities and increases the sales of our own GNSS chips, modules and related solutions, as well as the various types of third-party chips and modules we sold. It is also conducive to further understanding the downstream market demand of both GNSS chips and modules and other types of chips and modules we sold.

- The products under these two business lines are highly complementary, creating a robust foundation for technological synergy. GNSS chips provide precise location data, while communication and RF chips enable seamless data transmission and connectivity, essential for modern applications like IoT, intelligent vehicles, drones, and smart devices. Storage modules further enhance these capabilities by ensuring rapid data processing and retention. Our products enable our customers to combine accurate positioning with reliable communication, addressing the growing demand for integrated systems in industries like smart transportation and mobile communications. This strategic alignment provides us a potential to provide comprehensive, high-performance solutions for the convergence of navigation and communication technologies.

See "Business — Our Business Model."

COMPETITIVE STRENGTHS

- A pioneering and leading spatial positioning service provider in China based on the BeiDou satellite navigation system.
- Extensive and state-of-the-art technologies.
- Comprehensive product portfolio with integrated software and hardware solutions.
- Diversified application scenarios and strong commercialization capabilities.
- Visionary management team and strong support from star shareholders.

See "Business — Competitive Strengths."

DEVELOPMENT STRATEGIES

- Strengthen the integration of navigation and communication technologies and actively develop new technologies.
- Enrich downstream application scenarios and expand customer base.
- Upgrade integrated GNSS chip products and improve hardware and underlying algorithms.

- Explore the international market actively along with the internationalization of the BeiDou system.

- Seek high-quality acquisition targets and integrate the industrial chain vertically.

See "Business — Development Strategies."

OUR PRODUCTS AND SOLUTIONS

Overview

We offer a portfolio of (i) GNSS chips and modules, as well as GNSS-related solutions in our GNSS chips, modules and related solutions business, and (ii) communication baseband chips, storage chip modules and RF chips in our comprehensive chips and modules business during the Track Record Period.

Products in Our GNSS Chips, Modules and Related Solutions Business

We have built up a broad product portfolio covering approximately 60 types of navigation, positioning and monitoring products that are integral and critical components to a wide variety of electronic equipment. Our product portfolio spans transportation, consumer electronics and environmental monitoring and early warning, and supports BeiDou applications, supported by a comprehensive chip lineup.

Our GNSS Chips and Modules

Our proprietary GNSS chips and modules feature low power consumption, high precision, and high integration capabilities, which enables our downstream customers to develop various products that are low-cost, small, easy to install, and can be widely applied in various scenarios. To simplify customers' development process, we provide highly integrated module products featuring built-in GNSS SoC chip, LNA, and SAW components. Our primary GNSS chips and modules can be divided into three categories, including (i) standard precision products, (ii) high precision products, and (iii) BeiDou short message products, which are expected to launch in the second half of 2025.

Our GNSS-related Solutions

Our GNSS-related solutions utilize a variety of sensors, including GNSS, for monitoring. Among these sensors, GNSS chips play a role in positioning and timing, primarily including receiving and processing satellite observation data through GNSS chips to obtain displacement changes ranging from centimeter to millimeter levels, thus could be applied in various fields.

We provide customized deformation monitoring solutions for water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors based on our customers' requests. We usually deliver a full package solutions, including GNSS terminals and positioning monitoring equipment, and generate revenue from project-based fees that are often paid upon achieving milestones.

See "Business — Our Products and Solutions."

Our Operational Highlights

The following table sets forth the sales volume of our GNSS chips and modules in 2022, 2023 and 2024.

	Year ended December 31,						
	2022		2023		2024		
	Sales Volume		Sales Volume		Sales Volume		CAGR(1)
	('000)	*%*	*('000)*	*%*	*('000)*	*%*	*%*
Standard precision chips and modules	3,445	63.7	8,349	73.9	10,944	68.1	78.2
High precision chips and modules	1,960	36.3	2,950	26.1	5,123	31.9	61.7
Total	**5,405**	**100.0**	**11,299**	**100.0**	**16,067**	**100.0**	**72.4**

Note:

(1) CAGR refers to the growth rate from the year ended December 31, 2022 to the year ended December 31, 2024.

The increasing trend in the sales volume of all types of our GNSS chips and modules was primarily due to the enlarging large-scale application of BeiDou system in China and our GNSS chips and modules featuring both cutting-edge technology and cost-effectiveness. Specifically, the sales volume of our standard precision chips and modules increased from 3.4 million units in 2022 to 8.3 million units in 2023, primarily due to the increase in sales of our standard precision chips and modules for positioners and smart wearable devices. The sales volume of our standard precision chips and modules further increased to 10.9 million units in 2024, primarily due to the increase in sales of our standard precision chips and modules for positioners and mobile phones, among others. The sales volume of our high precision chips and modules increased from 2.0 million units in 2022 to 3.0 million units in 2023, primarily due to an increase in the demand of our customers engaging in bike-sharing industry. The sales volume of our high precision chips and modules further increased to 5.1 million units in 2024, primarily due to (a) an increase in the demand of our customers engaging in bike-sharing industry and (b) an increase in the customers' demand for dual-frequency high-precision positioning chips.

The sales volume of the products we sold in our comprehensive chips and modules business increased from 47.1 million in 2022, to 65.1 million in 2023 and further to 72.8 million in 2024. The increasing trend in the sales volume of major products we sold in our comprehensive chips and modules business was primarily due to the growth of our customers' needs attributable to an increase in the number of our product lines authorized for distribution.

See "Business — Our Products and Solutions."

COMPETITIVE LANDSCAPE

We face competition in respect of the quality of our products and solutions, our ability to meet downstream customers' expectations, and our experience and reputation. The principal competitive factors in our industry generally include product stability and reliability, price competitiveness, marketing and sales capabilities, and brand influence.

We believe that there are high barriers for our competitors to enter into the GNSS chips, modules and related solutions market, which include, among other things, design efficiency, first-mover advantages, extensive product lineup, downstream customers' recognition and collaboration with foundries, packaging and testing factories, and suppliers of products and raw materials. For more information on the competitive landscape of our industry, see "Industry Overview."

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include (i) companies principally engaged in distribution and sales of electronic components, semiconductors and modular circuits with respect to our GNSS chips and modules, as well as entities engaged in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors with respect to our GNSS-related solutions, and (ii) companies engaged in consumer electronics and transportation industries with respect to our comprehensive chips and modules business. During the Track Record Period, revenue contributed from our five largest customers accounted for 45.0%, 46.3% and 38.6% of our total revenue in 2022, 2023 and 2024, respectively, while the largest customer contributed 12.5%, 14.4% and 12.8% of our total revenue, respectively, for the same periods. During the Track Record Period, we generally granted a credit term ranging from 0 to 90 days to our customers.

See "Business — Our Customers."

Our suppliers primarily include foundries, manufacturers of navigation and positioning chips peripherals, as well as companies engaging in chip verification and testing related industries as well as third-party chip and module manufacturers in relation to our comprehensive chips and modules business. During the Track Record Period, our purchases from our five largest suppliers accounted for 66.4%, 71.3% and 64.4% of our total purchases in 2022, 2023 and 2024, respectively, while our purchase from the largest supplier accounted for 37.0%, 39.7% and 33.8% of our total purchases, respectively, for the same periods. During the Track Record Period, our suppliers generally granted us a credit term of 0 to 90 days.

See "Business — Our Suppliers."

RISK FACTORS

Our business and the **[REDACTED]** involve certain risks as set out in "Risk Factors" in this document. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to our intellectual property, (iii) risks relating to our financial prospects and need for additional capital, (iv) risks relating to doing business in the PRC; and (v) risks relating to the **[REDACTED]**. You should read that section in its entirety carefully before you decide to **[REDACTED]** in our H Shares. Some of the major risks we face include the following:

- Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and solutions, which are subject to rapid technological changes, and to expand our product mix and penetrate new markets.

- We face substantial competition that requires us to respond rapidly to product development and pricing pressures.

- We have a limited operating history with a history of losses, which makes it difficult to evaluate our current business and predict our future performance; our historical financial and results of operations may not be indicative of our future performance.

- If we are unable to manage our growth or execute our business strategies effectively, our results of operations and business prospects may be materially and adversely affected.

- Our products are primarily offered to downstream customers of certain industries in the PRC. Factors that adversely affect these industries in the PRC may have a negative impact on our business and operational results.

- Failure to secure design wins and to convince our current and prospective customers to adopt our products into their product offerings could negatively affect our business, financial condition and results of operations.

- Decreases in downstream customers' demand for the products and solutions we offer may result in a decrease in our revenue.

- We are subject to various risks relating to third-party payment arrangements.

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

See "Risk Factors."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

See "Business — Legal Proceedings and Compliance."

OUR [REDACTED] INVESTORS

We have engaged in **[REDACTED]** Investments with our **[REDACTED]** Investors. For further details of the identity and background of the **[REDACTED]** Investors and the principal terms of the **[REDACTED]** Investments, see "History, Development and Corporate Structure — **[REDACTED]** Investments."

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical financial information set forth below have been derived from, and should be read in conjunction with, our audited financial statements, including the accompanying notes, set forth in the Accountants' Report attached as Appendix I to this document, as well as the information set forth in "Financial Information." Our financial information was prepared in accordance with IFRS.

Description of Major Components of Our Results of Operations

The following table sets forth a summary of our statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	697,997	645,136	840,286
Cost of sales	(614,312)	(577,217)	(758,319)
Gross profit	83,685	67,919	81,967
Other net income	45,667	32,170	43,466
Selling and distribution expenses	(42,557)	(56,516)	(54,408)
Administrative expenses	(77,715)	(83,173)	(80,476)
Research and development costs	(102,711)	(109,783)	(118,111)
Reversal/(recognition) of impairment loss on trade and other receivables	834	(8,492)	(14,509)
Impairment loss on non-current assets	—	(128,872)	—
Loss from operations	(92,797)	(286,747)	(142,071)
Finance costs	(2,360)	(2,397)	(1,732)
Share of losses of an associate	(1,304)	—	—
Loss before taxation	(96,461)	(289,144)	(143,803)
Income tax	3,849	228	2,534
Loss for the year	(92,612)	(288,916)	(141,269)

	For the year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Other comprehensive income for the year (after tax and reclassification adjustments)	17,078	3,163	4,171
Total comprehensive income for the year	(75,534)	(285,753)	(137,098)
Loss per share			
Basic and diluted (RMB)	(0.10)	(0.31)	(0.14)

Non-IFRS Measure

To supplement our historical financial information which are presented in accordance with IFRS, we use adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) 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 you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted loss (a non-IFRS measure) as loss for the year adjusted by certain items including: (i) **[REDACTED]** expense and (ii) share-based payment.

We define adjusted EBITDA (a non-IFRS measure) as loss for the year adjusted by certain items, including: (i) **[REDACTED]** expense, (ii) share-based payment expenses, (iii) income tax, (iv) depreciation and amortization, and (v) finance costs.

The following table reconciles our loss for the year presented to adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure).

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of loss for the year and adjusted EBITDA (non-IFRS measure)			
Loss for the year	(92,612)	(288,916)	(141,269)
Adjusted for:			
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share- based payment expenses	6,542	14,798	16,628
Adjusted loss (non-IFRS measure)	(86,070)	(274,118)	(119,742)
Adjusted for:			
Income tax	(3,849)	(228)	(2,534)
Depreciation and amortisation	40,515	36,420	40,369
Finance costs	2,360	2,397	1,732
Adjusted EBITDA (non-IFRS measure)	(47,044)	(235,529)	(80,175)

Revenue by Business Line

During the Track Record Period, we generated our revenue primarily from (i) our GNSS chips, modules and related solutions business; and (ii) our comprehensive chips and modules business. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
GNSS chips, modules and related solutions business	193,433	27.7	167,465	26.0	238,185	28.3
Comprehensive chips and modules business	504,564	72.3	477,671	74.0	602,101	71.7
Total	697,997	100.0	645,136	100.0	840,286	100.0

GNSS chips, modules and related solutions business. Our revenue generated from sales of GNSS chips, modules and related solutions decreased by 13.4% from RMB193.4 million in 2022 to RMB167.5 million in 2023, primarily due to a decrease in revenue from sales of GNSS related solutions in 2023. Our revenue generated from sales of GNSS chips, modules and related solutions increased by 42.2% from RMB167.5 million in 2023 to RMB238.2 million in 2024, primarily due to (i) an increase in customer demand for GNSS chips and modules in 2024 and (ii) an increase in revenue from sales of GNSS related solutions.

Comprehensive chips and modules business. Our revenue generated from sales of comprehensive chips and modules business slightly decreased by 5.3% from RMB504.6 million in 2022 to RMB477.7 million in 2023, primarily due to a decrease in revenue from sales of storage chips in 2023. Our revenue generated from sales of comprehensive chips and modules business increased by 26.0% from RMB477.7 million in 2023 to RMB602.1 million in 2024, primarily due to an increase in revenue from sales of storage chips in 2024 and our further expansion of this business line.

See "Financial Information — Description of Major Components of our Results of Operations — Revenue — Revenue by Business Line" and "Financial Information — Discussion of Results of Operations."

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
GNSS chips, modules and related solutions business	69,657	36.0	53,033	31.7	64,929	27.3
Comprehensive chips and modules business	14,028	2.8	14,886	3.1	17,038	2.8
Total	83,685	12.0	67,919	10.5	81,967	9.8

Our gross profit and our gross profit margin are affected by various factors such as sales composition of different lines of products sold by the Group, competition within the industry, industry cycle, economic and political environment. We offer competitive selling prices to customers to react to the changes in the operating environment surrounded the Group.

See "Financial Information — Description of Major Components of our Results of Operations — Gross Profit and Gross Profit Margin" and "Financial Information — Discussion of Results of Operations."

Summary of Statements of Financial Position

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	370,858	253,980	228,223
Total current assets	1,158,172	1,035,743	1,003,370
Total non-current liabilities	63,051	62,794	36,691
Total current liabilities	136,519	167,624	256,067
Net current assets	1,021,653	868,119	747,303
Net assets	1,329,460	1,059,305	938,835

Our net current assets decreased from RMB1,021.7 million as of December 31, 2022 to RMB868.1 million as of December 31, 2023, primarily due to (i) a decrease of RMB118.5 million in cash and cash equivalents; (ii) an increase of RMB16.5 million in contract liabilities; (iii) a decrease of RMB8.2 million in trade and other receivables; (iv) an increase of RMB7.0 million in bank loans and other borrowing; and (v) an increase of RMB6.4 million in lease liabilities. This was partially offset by (i) an increase of RMB3.3 million in inventories and contract costs; and (ii) an increase of RMB2.6 million in other current assets.

Our net current assets decreased from RMB868.1 million as of December 31, 2023 to RMB747.3 million as of December 31, 2024, primarily due to (i) a decrease of RMB141.2 million in cash and cash equivalents; (ii) an increase of RMB43.5 million in trade and other payables; (iii) an increase of RMB35.5 million in contract liabilities; and (iv) a decrease of RMB25.7 million in inventories and contract costs. This was partially offset by (i) an increase of RMB122.5 million in trade and other receivables; and (ii) an increase of RMB11.0 million in restricted cash.

Our net current assets slightly decreased from RMB747.3 million as of December 31, 2024 to RMB733.4 million as of April 30, 2025, primarily due to (i) a decrease of RMB234.8 million in cash and cash equivalents; (ii) an increase of RMB34.5 million in bank loans and other borrowing; and (iii) an increase of RMB20.6 million in trade and other payables. This was partially offset by (i) an increase of RMB242.0 million in other investments regarding wealth management banking products; (ii) increase of RMB15.5 million in inventories and contract costs; and (iii) a decrease of RMB16.3 million in contract liabilities.

Summary of Cash Flow Statements

The following table sets forth a summary of our cash flow statements for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash used in operating activities	(79,678)	(107,208)	(141,241)
Net cash generated from/(used in) investing activities	33,904	(14,408)	(4,377)
Net cash generated from/(used in) financing activities	320,268	(3,369)	(2,007)
Net increase/(decrease) in cash and cash equivalents	274,494	(124,985)	(147,625)
Cash and cash equivalents at January 1	553,923	831,300	712,778
Effect of foreign exchange rates changes	2,883	6,463	6,425
Cash and cash equivalents at December 31	831,300	712,778	571,578

We had net cash outflow from operating activities for the years ended December 31, 2022, 2023 and 2024. In order to better manage our net operating cash position, we have adopted more stringent internal control measures to manage our working capital.

In 2024, our net cash used in operating activities was RMB141.2 million, primarily due to our loss before tax of RMB143.8 million, as adjusted by (i) non-cash and non-operating items, which primarily included depreciation of RMB24.3 million, equity-settled share-based payment of RMB16.6 million, amortization of intangible assets of RMB16.1 million, interest income of RMB11.1 million, and recognition of impairment loss on trade receivables and other receivables of RMB14.5 million; and (ii) changes in working capital, which primarily included (a) an increase in trade and other receivables of RMB138.0 million; (b) an increase of RMB36.3 million in trade and other payables; (c) an increase in contract liabilities of RMB34.5 million; and (d) a decrease in inventories and contract costs of RMB25.7 million.

In 2023, our net cash used in operating activities was RMB107.2 million, primarily due to our loss before tax of RMB289.1 million, as adjusted by (i) non-cash and non-operating items, which primarily included impairment loss on non-current assets of RMB128.9 million, equity-settled share-based payment expenses of RMB14.8 million, depreciation of RMB22.2 million, amortization of intangible assets of RMB14.2 million, interest income of RMB13.2 million, and recognition of impairment loss on trade and other receivables of RMB8.5 million; and

(ii) changes in working capital, which primarily included (a) an increase of RMB13.6 million in contract liabilities; (b) an increase of RMB3.0 million in inventories and contract costs and (c) an increase of RMB2.8 million in trade and other payables.

In 2022, our net cash used in operating activities was RMB79.7 million, primarily due to our loss before tax of RMB96.5 million, as adjusted by (i) non-cash and non-operating items, which primarily included amortization of intangible assets of RMB22.1 million, depreciation of RMB18.4 million, interest income of RMB10.6 million, gain on remeasurement of equity interests in the step acquisition of Medo of RMB8.8 million and equity-settled share-based payment expenses of RMB6.5 million; and (ii) changes in working capital, which primarily included (a) an increase of RMB11.9 million in deferred income; (b) a decrease of RMB8.6 million in trade and other payables and (c) an increase of RMB8.1 million in inventories and contract costs.

See "Financial Information — Liquidity and Capital Resources — Cash Flows."

Summary of Key Financial Ratios

The following table sets forth certain of our key financial ratios as of and for the years indicated:

	As of and for the year ended December 31,		
	2022	2023	2024
Gross profit margin(1)	12.0%	10.5%	9.8%
Current ratio(2)	8.5	6.2	3.9
Quick ratio(3)	7.8	5.6	3.6
Gearing ratio(4)	2.3%	3.5%	4.9%

Notes:

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

(2) Current ratio is calculated by current assets divided by current liabilities as of the year end.

(3) Quick ratio is calculated by current assets less inventories divided by current liabilities as of the year end.

(4) Gearing ratio is calculated by bank loans and other borrowing divided by the total equity for the respective year and multiplied by 100.0%.

Current Ratio and Quick Ratio

Our current ratio decreased from 8.5 times as of December 31, 2022 to 6.2 times as of December 31, 2023 and our quick ratio decreased from 7.8 times as of December 31, 2022 to 5.6 times as of December 31, 2023, primarily due to the increase in current liabilities and the decrease in current assets. The increase in current liabilities was primarily due to (i) an increase in contract liabilities of RMB16.5 million; (ii) an increase in bank loans and other borrowing of RMB7.0 million; and (iii) an increase in lease liabilities of RMB6.4 million. The decrease in current assets was primarily due to (i) a decrease in cash and cash equivalents of RMB118.5 million; and (ii) a decrease in trade and other receivables of RMB8.2 million.

Our current ratio decreased from 6.2 times as of December 31, 2023 to 3.9 times as of December 31, 2024 and our quick ratio decreased from 5.6 times as of December 31, 2023 to 3.6 times as of December 31, 2024, primarily due to the increase in current liabilities and the decrease in current assets. The increase in current liabilities was primarily due to (i) an increase in trade and other payables of RMB43.5 million; and (ii) an increase in contract liabilities of RMB35.5 million. The decrease in current assets was primarily due to (i) a decrease in cash and cash equivalents of RMB141.2 million; and (ii) a decrease in inventories and contract costs of RMB25.7 million.

Gearing Ratio

Our gearing ratio increased from 2.3% as of December 31, 2022 to 3.5% as of December 31, 2023, primarily due to an increase in our bank loans and other borrowing from RMB29.9 million as of December 31, 2022 to RMB36.9 million as of December 31, 2023.

Our gearing ratio increased from 3.5% as of December 31, 2023 to 4.9% as of December 31, 2024 due to an increase of our bank loans and other borrowing from RMB36.9 million as of December 31, 2023 to RMB45.8 million as of December 31, 2024.

For further details, see "Financial Information — Key Financial Ratios."

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for **[REDACTED]** under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (1) our revenue for the year ended December 31, 2024, being RMB840 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules; and (2) our expected market capitalization at the time of the **[REDACTED]**, which, based on the **[REDACTED]** of the indicative **[REDACTED]** range, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

RECENT DEVELOPMENTS

No Material Adverse Change

Our Directors confirm that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end of the period reported on as set out in the Accountants' Report included in this document, and up to the date of this document.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that **[REDACTED]** H Shares will be issued pursuant to the **[REDACTED]**, **[REDACTED]** H Shares will be converted from Unlisted Shares, and the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised:

	Based on an [REDACTED] of [REDACTED]	Based on an [REDACTED] of [REDACTED]
Market capitalization of our Shares	**[REDACTED]**	**[REDACTED]**
Market capitalization of our H Shares	**[REDACTED]**	**[REDACTED]**
Unaudited **[REDACTED]** adjusted net consolidated tangible assets attributable to euqity shareholders of the Company per Share(1)	**[REDACTED]**	**[REDACTED]**

Note:

1. See "Appendix II — Unaudited **[REDACTED]** Financial Information" for details regarding the assumptions used and the calculation method.

DIVIDENDS

No dividend had been paid or declared by our Company during the Track Record Period. There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders' approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law, any other applicable PRC laws and regulations. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. See "Financial Information — Dividends."

FUTURE PLANS AND [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately **[REDACTED]** million, after deducting the estimated **[REDACTED]** commissions and other estimated **[REDACTED]** expenses in connection with the **[REDACTED]**, assuming that an **[REDACTED]** of **[REDACTED]** per Share (being the **[REDACTED]** of the indicative **[REDACTED]** range stated in this document) and assuming that the **[REDACTED]** and the **[REDACTED]** Share Option Scheme are not exercised.

In line with our strategies, we intend to apply the **[REDACTED]** from the **[REDACTED]** for the following purposes and in the amounts set forth below:

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to continuously enhance our R&D capabilities and products and solutions provision.

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used for the establishment of joint ventures with our partners and strategic investments and/or acquisitions of technology solution companies and semiconductor companies.

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to expand the sales network of our GNSS products and solutions.

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used for working capital and other general corporate purposes.

See "Future Plans and **[REDACTED]**."

[REDACTED] EXPENSES

Based on the mid-point **[REDACTED]** of **[REDACTED]** per Share, the total estimated **[REDACTED]** expenses in relation to the **[REDACTED]** are **[REDACTED]**, assuming the **[REDACTED]** is not exercised, which constitute approximately **[REDACTED]** of the **[REDACTED]**. Our total **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses of **[REDACTED]**; and (ii) non-**[REDACTED]**-related expenses of **[REDACTED]**, including (a) fees payable to legal advisors and Reporting Accountants of **[REDACTED]** and (b) other fees and expenses, including sponsors fees and the fees of other professional parties, of **[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** expenses of **[REDACTED]**, of which **[REDACTED]** was recognized in our statements of profit or loss in 2024, and **[REDACTED]** was recognized as prepayments in our statements of financial position as of December 31, 2024, to be accounted for as a deduction from equity upon the **[REDACTED]**. Out of the **[REDACTED]** expense to be charged subsequent to the Track Record Period, we estimate approximately **[REDACTED]** will be charged to our consolidated statement of profit or loss. The remaining balance of approximately **[REDACTED]** is expected to be accounted for as a deduction from equity upon the completion of the **[REDACTED]**.

FILING WITH THE CSRC

On February 17, 2023, 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 relevant supporting guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, domestic companies issuing and listing overseas shall file with the CSRC, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain the shareholders' information. Where a domestic company submits an application for **[REDACTED]** to the competent overseas regulators, such domestic company shall file with the CSRC within three business days after such application is submitted.

We have submitted a filing to the CSRC to apply for the **[REDACTED]**, the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** of our H Shares on the Stock Exchange on [•], 2025. The CSRC has published a notification on [•] confirming we have completed of the filing procedures.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this document.

"AFRC"	the Accounting and Financial Reporting Council, formerly known as the Financial Reporting Council;
"Accountants' Report"	the accountants' report for the Track Record Period of our Company, the text of which is set out in Appendix I to this document;
"Allystar Information"	Allystar Information Co. Limited (航芯信息有限公司), a company incorporated in Hong Kong with limited liability on November 23, 2020 and is one of our wholly-owned subsidiaries;
"Articles of Association" or "Articles"	the articles of association of our Company adopted on May 28, 2025, which shall become effective as of the date on which the H Shares are **[REDACTED]** on the Stock Exchange, as amended from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association" to this document;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee of our Board;
"Beijing Allystar"	Beijing Beidou Huada Technology Co., Ltd. (北京北斗華大科技有限公司), a limited liability company incorporated in the PRC on March 14, 2017 and is one of our wholly-owned subsidiaries;
"Board" or "Board of Directors"	the board of Directors;
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong;

"CAGR"	compounded annual growth rate, which is calculated by dividing the amount at the end of the period by the amount of the beginning of that period, raising the result to an exponent of one divided by the number of years in the period, and subtracting one from the subsequent result;

[REDACTED]

"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan;
"CIC"	China Insights Industry Consultancy Limited, a global market research and consulting company, which is an Independent Third Party;
"CIC Report"	an independent market research report commissioned by us and prepared by CIC for the purpose of this document;
"close associate(s)"	has the meaning ascribed to it under the Listing Rules;
"CNIPA"	China National Intellectual Property Administration (國家知識產權局);
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;

"Company" or "our Company"	Allystar Technology (Shenzhen) Co., Ltd. (深圳華大北斗科技股份有限公司), incorporated under the PRC laws on December 6, 2016 under the name of Allystar Technology (Shenzhen) Company Limited (深圳華大北斗科技有限公司) as a limited liability company and converted into a joint stock company under the PRC laws on December 6, 2021;
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules;
"**[REDACTED]** of Unlisted Shares into H Shares"	the **[REDACTED]** of **[REDACTED]** Unlisted Shares into H Shares on a **[REDACTED]** basis upon the completion of the **[REDACTED]**. Such **[REDACTED]** of Unlisted Shares into H Shares has been filed with the CSRC with the notification issued by the CSRC on completion of the filing procedures published on [•] and an application for H Shares to be **[REDACTED]** on the Stock Exchange has been made to the Stock Exchange;
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司);
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會);

[REDACTED]

"Director(s)"	the director(s) of our Company;
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time;
"ESG"	environmental, social and governance;
"EUSPA"	European Union Agency for the Space Program;

[REDACTED]

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to 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]

"Group", "our Group", "we", "our" or "us"	our Company and all of our subsidiaries from time to time;
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
"H Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars on the Stock Exchange;

[REDACTED]

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Allystar"	Allystar Technology Co. Limited (華大北斗科技有限公司), a company incorporated in Hong Kong with limited liability on January 17, 2017 and is one of our wholly-owned subsidiaries;
"Hong Kong dollar(s)" or HKD" or "HK$"	Hong Kong dollars(s), the lawful currency of Hong Kong;
"Hong Kong Legal Counsel"	ONC Lawyers, our legal counsel as to Hong Kong laws with respect to the operations of certain subsidiaries in Hong Kong;

[REDACTED]

"IFRS"	IFRS Accounting Standards as issued by the International Accounting Standard Board;
"Independent Third Party(ies)"	person(s) or company(ies), who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not a connected person(s) of our Company within the meaning ascribed thereto under the Listing Rules;

[REDACTED]

"Joint Sponsors"	CMB International Capital Limited and Ping An of China Capital (Hong Kong) Company Limited;
"Latest Practicable Date"	June 3, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication;

[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 Stock Exchange which is independent from and operated in parallel with the GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange;
"Medo"	Shanghai Medo Surveying and Mapping Technology Co., Ltd. (上海米度測控科技有限公司), acquired by us in 2022 and since then became a non-wholly-owned subsidiary of our Group;
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部);
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部);
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部);
"Mr. Sun"	Mr. Sun Zhongliang (孫中亮), the chairman of our Board, our executive Director and the president of our Company;

"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 our Board;

[REDACTED]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC;
"PCT"	the Patent Cooperation Treaty;
"PRC Legal Advisors"	Jingtian & Gongcheng, our legal advisors as to PRC laws in connection with the **[REDACTED]**;

"**[REDACTED]** Investment(s)"	the investments in our Company undertaken by the **[REDACTED]** Investors, the details of which are set out in "History, Development and Corporate Structure — **[REDACTED]** Investments";
"**[REDACTED]** Investor(s)"	holder(s) of Shares pursuant to the **[REDACTED]** Investments, the details of which are set out in "History, Development and Corporate Structure — **[REDACTED]** Investments";
"**[REDACTED]** Share Option Scheme"	our share option scheme adopted on May 28, 2025, the details of which are set out in "Appendix VI — Statutory and General Information — D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme";

[REDACTED]

"Regulation S"	Regulation S under the U.S. Securities Act;
"Remuneration Committee"	the remuneration committee of our Board;
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC;
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局);
"SCNPC"	The Standing Committee of the National People's Congress (全國人民代表大會常務委員會);

"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Shanghai Hangqi"	Shanghai Hangqi Information Technology Co., Ltd. (上海航淇信息科技有限公司) a limited liability company incorporated in the PRC on January 15, 2021 and is one of our wholly-owned subsidiaries;
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares;
"Shareholder(s)"	holder(s) of our Share(s);

[REDACTED]

"STA"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局);

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Track Record Period"	the period comprising the financial years ended December 31, 2022, 2023, and 2024;

[REDACTED]

[REDACTED]

"Unlisted Share(s)"	ordinary Share(s) in the capital of our Company with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange;
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
"U.S. dollar(s)" or "US$"	United States dollar(s), the lawful currency of the United States;
"U.S. persons"	U.S. persons as defined in Regulation S;
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time;
"VAT"	value-added tax;
"we," "us" or "our"	the Company or the Group, as the context requires;
"Xiamen Allystar"	Xiamen Allystar Technology Co., Ltd. (廈門埃立司達科技有限公司), a limited liability company incorporated in the PRC on July 15, 2021 and is one of our wholly-owned subsidiaries;
"%"	percent.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

For the purpose of this document, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"A-GNSS"	Assisted GNSS, a technology designed to enhance the performance of global navigation satellite systems by integrating satellite signals with internet-based data, thereby improving time-to-first-fix, positioning speed and accuracy, especially under poor signal conditions;
"ADC"	analogue-to-digital converter, an important component when it comes to dealing with digital systems communicating with real-time signals, used to convert conditioned analog signals into a stream of digital data so that the data acquisition system can process them for display, storage, and analysis;
"AEC"	Automotive Electronics Council, an organization originally established in the 1990s by Chrysler, Ford, and GM for the purpose of establishing common part-qualification and quality-system standards;
"AEC-Q"	Automotive Electronic Council qualification standard, which is derived by AEC component technical committee to electrical components and their qualification requirement;
"AEC-Q100"	AEC-Q100 standard, a set of rigorous requirements and tests that electronic components must pass to ensure their suitability for use in automotive applications. The AEC-Q100 standard is widely recognized and adopted in the automotive industry and is an important consideration in the design and manufacturing of electronic components for automotive applications;
"AI"	artificial intelligence, simulation of human intelligence processes by machines, especially computer systems;

"advanced encryption standard" or "AES"	a highly trusted encryption algorithm used to secure data by converting it into an unreadable format without the proper key;
"anti-interference"	ability of the carrier to adapt to various intentional or unintentional electromagnetic interferences and function properly;
"automotive-grade"	meet the automotive grade standard AEC-Q certification applied to automotive components. In order to improve the stability and standardization of automotive electronics, AEC established the AEC-Q series of automotive on-board electronic components test standards, of which AEC-Q100, AEC-Q101, AEC-Q200 is the most common, and has now become a recognized automotive components downstream original equipment manufacturers usually require suppliers to have their products tested by their own or third-party testing organizations to confirm their compliance with the AEC-Q reliability test standards;
"baseband"	the core device of the board or module, its main function is to complete the capture, tracking, data demodulation of the specified satellite signals, and give the pseudo-range of satellite signals, carrier phase and other measurement information, and its function and performance usually determines the performance index of the downstream machine;
"Beidou" or "BeiDou satellite navigation system" or "BeiDou system" or "BDS"	China's self-developed, independently operated global satellite navigation system, which is also the third mature global satellite navigation system after GPS and GLONASS;
"CPU"	central processing unit, the central unit in a computer containing the logic circuitry that performs the instructions of a computer program;

"chip"	Is the use of a certain process, a circuit required transistors, resistors, capacitors and inductors and wiring interconnections together, made in a small piece or several small pieces of semiconductor wafers or dielectric substrate, and then encapsulated in a shell, become a micro-structure with the required circuit function (i.e., integrated circuits), a large number of micro-structures will be placed in the aforementioned on a piece of plastic substrate to form a chip in order to achieve specific functions;
"chip design"	Design and development process targeting integrated circuits and very large-scale integrated circuits, mainly including requirements analysis, architectural design, logic design, physical realization and verification;
"chip probing"	a test of the electrical parameters of the chip, each chip in the wafer being tested in order to remove defective parts to reduce the cost of subsequent packaging;
"cloud"	the computers and connections that support cloud computing;
"DC"	direct current, a one-directional flow of electric charge;
"DES"	data encryption standard, a symmetric-key algorithm for the encryption of digital data;
"design-in"	a process where customers engage suppliers early in the product design phase to propose and refine designs that align with customer needs and market trends;
"design-win"	a confirmation from customers adopting a supplier's product design, indicating the supplier's ability to meet the customer's production, delivery, and cost requirements;
"DR"	dead reckoning, a method of navigation relying on estimating one's current track, groundspeed and position based on earlier known positions;

"fabless"	the development, design and sale of semiconductor chips while outsourcing their wafer fabrication, packaging and testing services to a specialized manufacturer called a semiconductor foundry;
"final test"	Mainly to complete the package after the chip for a variety of performance indicators and functional indicators of the test;
"foundry"	a manufacturer specializing in the production and manufacture of chips in the field of integrated circuits;
"FPGA verification"	field-programmable gate array verification, involving using simulation and timing analysis to ensure the design meets functional and timing requirements;
"GLONASS"	a Russian satellite navigation system operating as part of a radionavigation-satellite service. It provides an alternative to Global Positioning System (GPS) and is the second navigational system in operation with global coverage and of comparable precision;
"GNSS"	Global Navigation Satellite System, a space-based radio navigation and positioning system that provides all-weather positioning, navigation, and timing (PNT) for any location on the surface of the Earth or in near-Earth space. In 2007, the United Nations recognized the Global Positioning System (GPS) of the United States, the Global Navigation Satellite System (GLONASS) of Russia, the Galileo Navigation Satellite System (Galileo) of the European Union, and the BeiDou Satellite Navigation System (BeiDou Navigation Satellite System) of China. Navigation Satellite System (BeiDou Navigation Satellite System, BDS) are recognized as the four major global satellite navigation and positioning systems;

"GNSS chip"	the global satellite navigation system positioning chip, which is the core component of all high-precision satellite navigation and positioning terminal products and applications, with the highest technical content, determining the application performance of terminal products;
"GPS"	Global Positioning System, a satellite-based radio navigation system developed by the U.S. Department of Defense and operated by the United States Space Force. It is one of the global navigation satellite systems that provide geolocation and time information to a GPS receiver anywhere on or near the Earth where there is an unobstructed line of sight to four or more GPS satellites;
"Galileo"	Galileo Navigation Satellite System, a global navigation satellite system created by the European Union through the European Space Agency and operated by the European Union Agency for the Space Programme;
"Hz"	Hertz, the unit of frequency in the International System of Units, often described as being equivalent to one event (or cycle) per second;
"high precision"	application of techniques such as differential positioning to achieve satellite positioning accuracy better than meters;
"IMU"	Inertial Measurement Unit, a device that measures the attitude angle (or angular rate) and acceleration of an object in three axes;
"inertial navigation system" or "INS"	a navigation device that uses motion sensors, rotation sensors and a computer to continuously calculate by dead reckoning the position, the orientation, and the velocity of a moving object without the need for external references;
"integrated circuit" or "IC"	a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components;

"Internet of Things" or "IoT"	the physical objects (or groups of such objects) with sensors, processing ability, software and other technologies that connect and exchange data with other devices and systems over the Internet or other communications networks;
"IP" or "IP module"	intellectual property, which, in the context of IC design, refers to a reusable and verified IC layout design with a defined function;
"ISO"	the International Organization for Standardization, a worldwide federation of national standards bodies;
"ISO9001"	the International Quality Management System published by the ISO;
"LNA"	Low-Noise Amplifier, constitutes a kind of RF front-end amplifier chip with very low noise coefficient, the main function is to amplify the weak RF signals received by the antenna, and at the same time reduce the amplifier's own noise impact on the signals to a minimum in order to facilitate the processing of the back-end electronic equipment;
"machine learning"	the scientific study of algorithms and statistical models that computer systems use to effectively perform specific tasks without being explicitly programmed to do so;
"modules"	packaged components that include integrated circuits or other electronic components, which are used to build larger systems or devices. They are essential for enhancing performance, efficiency, and scalability in electronic products;
"NB-IoT"	Narrowband Internet of things, a low-power wide-area network radio technology standard developed by 3GPP for cellular network devices and services;

"NavIC"	an autonomous regional satellite navigation system that provides accurate real-time positioning and timing services. It covers India and a region extending 1,500 km around it, with plans for further extension up to 3,000 km;
"OA"	office automation, the varied computer machinery and software used to digitally create, collect, store, manipulate, and relay office information needed for accomplishing basic tasks;
"PMU"	power management unit, an integrated circuit module, is used to centrally manage the power supply of a system. Its main functions include voltage regulation, power consumption optimization, power distribution, and control of low-power modes, etc. PMUs are widely used in SoC designs to help improve energy efficiency and extend the battery life of devices;
"PNT"	positioning, navigation and timing, which is the basic element of time and space that needs to be determined in people's daily life, and Beidou builds the PNT system of positioning navigation and timing, provides time and space benchmarking information, and is the infrastructure of the national information indexing;
"PPP"	Precise Point Positioning, Using data products such as precision satellite orbits and clock differentials broadcast by geosynchronous orbit satellites, single-point positioning is carried out through the non-differential observation data of a single receiver to obtain high-precision positioning results after various error terms are corrected;
"PVT"	position, velocity, time;
"QZSS"	Quasi-Zenith Satellite System, a four-satellite regional satellite navigation system and a satellite-based augmentation system developed by the Japanese government to enhance the U.S.-operated GPS in the Asia-Oceania regions, with a focus on Japan;
"R&D"	research and development;

"RNSS"	a kind of satellite radio navigation service, which receives satellite radio navigation signals by users, completes the distance measurement to at least 4 satellites independently, and carries out the calculation of user's position, speed and navigation parameters. GPS and other systems are typical RNSS systems;
"RF"	mainly responsible for receiving the waveform signals emitted by the satellite and amplifying them into digital signals;
"RTD"	real-time differential calculates the pseudo-range based on the known coordinates of the reference station and the coordinates of each satellite, and calculates the true distance from each satellite to the reference station at each moment;
"RTK"	real-time kinematic, a real-time difference method based on GNSS carrier phase dynamics, provides three-dimensional positioning results of a survey station in a specified coordinate system in real time with centimeter-level accuracy;
"SAW component"	a class of electronic devices based on the principle of surface acoustic wave propagation in piezoelectric materials, primarily utilizing metallic electrode structures formed on a piezoelectric substrate to enable the conversion of electrical signals into acoustic signals and vice versa
"satellite navigation and positioning"	technology for navigation and positioning of terrestrial, oceanic, airborne and space users using space satellites;
"SBAS"	satellite based augmentation system, primarily designed for civil aviation to provide safety-of-life navigation services. There are four various SBAS systems available worldwide, covering different regions, namely (i) Wide Area Augmentation System (WAAS) serving the United States, (ii) European Geostationary Navigation Overlay Service (EGNOS) operating in Europe, (iii) MTSAT satellite augmentation system (MSAS) used over Japan, and (iv) GPS-aided GEO Augmented Navigation (GAGAN) operating in India;

"SoC"	System-on-Chip, an electronic system formed by integrating multiple integrated circuits with specific functions on a single chip;
"sq.m."	square meter;
"standard precision"	a satellite positioning accuracy between two and ten meters, and only in outdoor conditions;
"tape-out"	the process of converting an integrated circuit design into a chip for pilot production or manufacturing. Tape-out is a process to check whether the chip has achieved the expected functions and performance of the design. If the tape-out is successful, the chip can be mass-produced; conversely, it is necessary to find out the reasons for the lack of success, optimize the design, and tape-out the chip again;
"verification"	a method to verify the correctness of a circuit and evaluate and confirm the initial design plan and to ensure the design satisfies the needs of downstream customers and conforms to the design initiatives;
"wafer"	a thin slice of semiconductor, used for the fabrication of ICs and other microelectronic devices.

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Company 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 other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- general political and economic conditions, including those related to the jurisdictions where we operate;
- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry or in the world and geographical markets in which we operate; and

- all other risks and uncertainties described in the section headed "Risk Factors."

Subject to the requirements of applicable laws, rules and regulations, we do not have any and 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.

In this document, statements of or references to our intentions or those of our Directors are 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 making an* [REDACTED] *in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial conditions, results of operations or prospects. The* [REDACTED] *of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your* [REDACTED]*. You should pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory environment which may differ significantly from those prevailing in other jurisdictions. 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 will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and solutions, which are subject to rapid technological changes, and to expand our product mix and penetrate new markets.

Our future success significantly depends on our ability to continue to innovate and improve our existing products and solutions, and design and expand our product mix. Product and solution design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. Our business strategy is to focus on the design and provision of GNSS chips, modules and solutions. Part of this strategy involves addressing the needs across a variety vertical markets, including consumer electronics, bike-sharing, IoT, smart transportation, meteorological detection, intelligent driving, deformation monitoring enabling precise and efficient navigation and positioning, position tracking, displacement monitoring and satellite communications. Each of these markets require technologies, expertise, and marketing and operations infrastructure that are application-specific. We have invested and expect to continue to invest in the design and R&D for new and existing products, solutions and technologies, as well as intellectual properties, to timely respond to technological developments in markets we operate in. These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our profit margin and operating results and that such investments may not generate sufficient revenue to offset liabilities assumed and expenses associated with these new investments. We believe that we must continue to invest a significant amount of time and resources in our design and R&D efforts, including retaining sufficient and experienced R&D talents, to maintain and improve our competitive position. There can be no assurance that we will be able to develop and introduce new and improved products and solutions in a timely or efficient manner or that new and improved products and solutions, if developed, will be welcome by the market. In addition, our downstream customers generally impose very high quality and reliability standards on our products, which may be difficult or costly to satisfy. Any inability to satisfy the quality and reliability standards of downstream customers or comply with industry standards and technical requirements may adversely affect demand for our products and our results of operations.

In addition, if we are unable to respond quickly and successfully to technological developments, we may lose our competitive position, and our products, solutions or technologies may become obsolete and fall behind on technologies. To compete successfully, we must develop new products and solutions and improve our existing products and solutions and processes on a schedule that keeps pace with technological developments; and the market must also accept our new and improved products and solutions. We cannot guarantee that we will be successful in keeping pace with all, or any, of the above, to maintain our competitiveness.

Our growth is also dependent on the ability of us and our distributors to identify and penetrate new markets where we and our distributors have limited experience yet require significant investments, resources and technological advancements in order to compete effectively, and there can be no assurance that we will achieve success in these markets. There can be no assurance that the markets we serve and/or target based on our business strategy will grow in the future, that our existing and new products and solutions will meet the requirements of these markets, that our products and solutions, or the end-products in which our products are used, will achieve downstream customer acceptance in these markets, that competitors will not force price reductions or take market share from us, or that we can achieve or maintain adequate gross margins or profits in these markets.

We face substantial competition that requires us to respond rapidly to product development and pricing pressures.

We face intense technological and pricing competition in the markets in which we operate. We expect this competition will continue to increase from large competitors and from small competitors serving niche markets, and also from emerging companies that sell products into the same markets in which we operate. For example, we may face increased competition as a result of the PRC actively promoting and reshaping its domestic semiconductor industry through policy changes and investments. Certain competitors possess sufficient financial, technical and management resources to develop and market products that may compete favorably against our products, and business integration among our competitors may allow them to compete more effectively.

The selling price of our chip and module products decreased from 2022 to 2023, primarily due to our pricing strategy and the price discounts offered to our major customers to cope with the fierce competition in the industry. The selling price of the products we sold in our comprehensive chips and modules business decreased from 2022 to 2023, primarily due to a decrease in the selling price of storage chip, which is highly affected by its industry cycle and experienced a decline due to the downward industry cycle from 2022 to 2023.

The sales volume of our GNSS chips and modules and products sold in our comprehensive chips and modules business had an increasing trend during the Track Record Period. The sales volume of our standard precision products under our GNSS chips and modules business in 2022, 2023 and 2024 was 3.4 million, 8.3 million and 10.9 million, respectively; the sales volume of our high precision products under our GNSS chips and modules business in 2022, 2023 and 2024 was 2.0 million, 3.0 million and 5.1 million, respectively; and the sales volume of the products we sold in our comprehensive chips and modules business in 2022, 2023 and 2024 was 47.1 million, 65.1 million and 72.7 million, respectively.

See "Business — Our Products and Solutions — Products in Our GNSS Chips, Modules and Related Solutions Business — Our GNSS Chips and Modules" and "Business — Our Products and Solutions — Products in Our Comprehensive Chips and Modules Business." The selling price and product development pressures that result from competition may lead to reduced profit margins and lost business opportunities in the event that we are unable to match the price declines or cost efficiencies, or meet the technological, product, support, software or manufacturing advancements of our competitors.

We have a limited operating history with a history of losses, which makes it difficult to evaluate our current business and predict our future performance; our historical financial and results of operations may not be indicative of our future performance.

We have a limited operating history and we have recorded net operating cash outflows and incurred losses during the Track Record Period. We recorded a loss for the period of RMB92.6 million, RMB288.9 million and RMB141.3 million in 2022, 2023 and 2024, respectively. For details, see "Financial Information." It is difficult to evaluate our business due to our relatively brief operating history, and our prospects will be dependent on our ability to meet a number of challenges. Because we have a limited operating history, you may not be able to evaluate our prospects accurately. Our future performance depends on our ability to create, design, develop, manufacture, and deliver GNSS solutions and products of high quality on schedule and on a large scale, which may make it more difficult for us to forecast and plan for our capital requirements. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

If we are unable to manage our growth or execute our business strategies effectively, our results of operations and business prospects may be materially and adversely affected.

We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, and any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable industry. Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. See "Business — Development Strategies." We intend to grow by expanding our business, increasing market penetration of our existing products and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, our growth depends on the ability to maintain stable production capacity and offer reliable products to our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our business growth rate may decline, investors' perceptions of our business and prospects may be adversely affected.

Our products are primarily offered to downstream customers of certain industries in the PRC. Factors that adversely affect these industries in the PRC may have a negative impact on our business and operational results.

Our products are primarily offered to downstream customers of industries including consumer electronics, bike-sharing, IoT, smart transportation, meteorological detection, intelligent driving, and deformation monitoring (the "**downstream industries**") in the PRC. Therefore, factors that adversely affect these industries in the PRC could adversely affect our business, financial condition, results of operations and prospects. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of the downstream industries in the PRC;
- a downturn in general economic conditions in the PRC or major countries/regions that import products of the downstream industries from the PRC;
- increasing level of competition from manufacturers of the downstream industries in other countries/regions;

- the reduction or elimination of preferential tax treatments and economic incentives for manufacturers of the downstream industries in the PRC;

- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of the downstream industries from the PRC;

- appreciation in the value of Renminbi against the currencies of other countries and regions that import products of the downstream industries from the PRC; and

- rising material and labor costs in the PRC relating to manufacturing in the downstream industries.

Failure to secure design wins and to convince our current and prospective customers to adopt our products into their product offerings could negatively affect our business, financial condition and results of operations.

We sell our GNSS products to customers who select and adopt them in their product offerings. This selection process is typically lengthy and may require us to incur significant design and development costs and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our GNSS products will be selected. If we fail to convince our current or prospective customers, especially key customers, to adopt our GNSS products in their product offerings or to constantly achieve design wins, our business, financial condition, and results of operations will be adversely affected.

If a competitor imports chips into a customer's GNSS product before we do, the customer's circuit boards designed based on those competing chips may become incompatible with our own chips, which could create barriers to the customer's adoption of our chips. If we do not launch products with superior performance or price in a timely manner, we will not be able to attract customers to invest resources in adapting their designs and introducing our chips and we will lose market share and our competitive position.

The loss of design win of a key customer, a reduction in sales, a significant delay or negative development in our customers' product development plans, or our inability to attract new significant customers or secure new key design wins could seriously impact our revenue and adversely affect our business, financial condition and results of operations.

Decreases in downstream customers' demand for the products and solutions we offer may result in a decrease in our revenue.

During the Track Record Period, our revenue was generated from sales of GNSS chips, modules and solutions offered to downstream customers in industries including bike-sharing, intelligent driving, smart phones, smart wearables, IoT, weather monitoring and deformation monitoring enabling precise and efficient navigation and positioning, position tracking, displacement monitoring and satellite communications, and sales of communication baseband chips, storage chip modules, RF chips, power management chips, automotive-grade communication modules, automotive SoC chips, and certain other products under our comprehensive chips and modules business. Any deterioration in, or a slowdown in the growth of, such end markets resulting in a substantial decrease in the demand for the products and solutions we offer could adversely affect our revenue. In addition, decreases in downstream customers' demand for the products and solutions we offer may lead to a decrease in the selling price of such products and solutions, which may increase our pricing pressure and in turn, may negatively impact our revenue, profit margin and earnings.

We are subject to various risks relating to third-party payment arrangements.

During the Track Record Period, certain customers in our comprehensive chips and modules business (the "**Relevant Customers**") settled their payments with us through third parties lack of proper designation letters prior to the payments (the "**Third-party Payment Arrangement**"). In 2022, 2023 and 2024, 18, 11, and seven customers made payments through an aggregate 59 third parties (the "**Third-party Payors**") in 2022, 2023 and 2024, respectively. The aggregate amount we received under the Third-party Payment Arrangement was RMB89.2 million, RMB61.7 million, and RMB36.1 million in 2022, 2023, and 2024, respectively. Third-party Payment Arrangement may subject us to various legal risks, including: (i) possible claims for return of funds from Third-party Payors who were not contractually indebted to us; (ii) potential risks arising from the fact that we have limited knowledge about the source and purpose of the funds utilized by the Third-party Payors, such as possible money laundering risks; and (iii) possible claims from liquidators of Third-party Payors. For more details, see "Business — Sales, Marketing and Distribution of Our Products — Third-party Payment Arrangement." Any such claim, prosecution or investigation against us may cost us significant time and financial and managerial resources and may materially and adversely affect our business, financial condition, reputation, results of operations and prospects.

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

During the Track Record Period, our trade and other receivables primarily represent receivables from customers for our GNSS chips, modules and related solutions business. As of December 31, 2022 and 2023 and 2024, our trade and other receivables amounted to RMB238.0 million, RMB244.5 million and RMB353.0 million, respectively. The credit period granted to our customers was generally 0 days to 90 days from the date of invoice. See "Financial Information — Discussion of Certain Items of Statements of Financial Position — Trade and Other Receivables."

We cannot assure you that we will be able to collect all or any of our trade and other receivables on time, or at all. Our customers may face unexpected circumstance. For example, our trade receivables turnover days increased from 95 days in 2022 to 105 days in 2023 due to the extended payment period for certain customers of our GNSS chips, modules and related solutions business, and decreased to 88 days in 2024. As a result, 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 adversely affect our financial condition and results of operations.

We may incur impairment losses for goodwill, which may adversely affect our results of operations and financial position.

As of December 31, 2022, 2023 and 2024, the carrying amount of our goodwill decreased from RMB210.0 million as of December 31, 2022 to RMB81.2 million as of December 31, 2023 and 2024, respectively, primarily due to the impairment loss of goodwill of Medo in 2023 as the recoverable amount of Medo's cash-generating units to which goodwill has been allocated was assessed to be less than the carrying amount . Details of the impairment assessment are set out in Note 13 to the Accountants' Report in Appendix I to this document. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires us to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. In the case that the actual future cash flows are less than expected, or changes in facts and circumstances, which results in downward revision of future cash flows, a material impairment loss may arise. If any of these assumptions do not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss, which could in turn adversely affect our results of operations. Failure to generate financial results commensurate with our goodwill may adversely affect the recoverability of such goodwill, and in turn result in impairment losses. Any significant impairment losses charged against our goodwill could have an adverse effect on our business, financial condition and results of operations.

Our products or solutions may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly.

Our products and solutions are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products or solutions incompatible with technical requirements set by the new standards. As a result, we could be required to invest significant time and effort and may incur significant expense to redesign our products or solutions to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards or requirements, we could miss market opportunities which in turn could have an adverse effect on our business, operations and financial results.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Licenses, Permits and Approvals." Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, could materially and adversely affect our business, financial condition and results of operations.

We derive a substantial proportion of our revenue from mainland China and Hong Kong, and our business is susceptible to any policy changes affecting the semiconductor industry and the GNSS spatial positioning service market which may adversely affect our business.

During the Track Record Period, a substantial proportion of our revenue was derived from mainland China and Hong Kong, which accounted for 99.1%, 99.2% and 99.5% of our total revenue in 2022, 2023 and 2024, respectively. As such, we are dependent on policies affecting the semiconductor industry and the GNSS spatial positioning service market in mainland China and Hong Kong. In recent years, the PRC has been promoting and reshaping its domestic semiconductor industry through policy changes, leading to its semiconductor industry growing at a fast pace over the past few years. Many semiconductor companies, including us, have leveraged on such favorable policies. In particular, the BeiDou satellite navigation system, the global satellite navigation system independently developed and operated by the PRC, is the third fully mature system of its kind in the world. Supported by national policies, BeiDou will continue to evolve through successive technological iterations, with its fourth generation expected to integrate low-orbit satellite augmentation capabilities, providing high-precision navigation and positioning services. Given the favorable policies for BeiDou, we have focused on the design and sales of BeiDou GNSS chips and have continuously advanced our core chip design technology. For more details, see "Industry Overview — Overview of the China's BeiDou Spatial Positioning Service Industry — Market drivers of China's BeiDou spatial positioning services." As such, our future prospects, success and continuous growth depend and will continue to depend on the strong support of the PRC government to the semiconductor industry in the foreseeable years. However, we cannot assure you that the PRC government will continue to promote and implement favorable policies for the semiconductor industry, or maintain the policies currently in effect to the semiconductor industry, and in turn, favorable to us. As a result, if such policies change or discontinue in the future, our financial performance and future business growth could be adversely affected.

We have limited control over the operations of our direct sale customers and distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and direct sale customers and their potential breach of distribution or purchase agreements.

We sell our products directly to (i) certain of our customers of our GNSS chips and modules, enterprise and institution customers of our GNSS-related solutions, which are mainly engaged in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors, and (ii) customers from our comprehensive chips and modules business, which are mainly engaged in consumer electronics and transportation industries. Certain of our direct sale customers of our GNSS chips and modules may resell our products without our knowledge.

We also rely on third-party professional distributors for marketing, branding and sales of our products and solutions. We have various measures in place to monitor our distributors' inventory level and prevent channel stuffing issue and cannibalization risks. In particular, we maintain a "buy-out" model with our distributors and periodically require our distributors to provide sales reports for us to acknowledge their inventories, downstream customers and sales targets. However, there can be no assurance that we will be successful in detecting any detecting any non-compliance of our distributors with the provisions of their distribution agreements. See "Business — Sales, Marketing and Distribution of Our Products — Our Distribution Channels — Distributors Management." Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales.

We may be exposed to the risks of fraud or other misconducts committed by our direct sale customers or distributors. Fraud or other misconduct by our direct sale customers or distributors may involve engaging in unauthorized misrepresentation to our downstream 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 downstream customers for fraud or misconduct committed by such distributor or direct sale customer. 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 downstream customers, regulatory and legal liabilities, as well as serious harm to our reputation.

We had a concentration of suppliers during the Track Record Period.

Purchase amount from our five largest suppliers in 2022, 2023 and 2024 amounted to RMB461.3 million, RMB485.8 million and RMB541.4 million, respectively, representing 66.4%, 71.3% and 64.4% of our total purchase amount for the same years, respectively; purchase amount from our largest supplier in 2022, 2023 and 2024 amounted to RMB257.0 million, RMB270.5 million and RMB284.0 million, respectively, representing 37.0%, 39.7% and 33.8% of our total purchase amount for the same years, respectively. We cannot assure you that we will be able to secure a stable supply of qualified products, raw materials and/or services at all times going forward. Specifically, we cannot assure you that we will be able to identify an alternative qualified supplier in a timely manner or at all, in the event that any of our existing suppliers terminates its contract with us or is no longer qualified. Any change in suppliers could also require significant efforts or investments in circumstances where the items or services supplied are integral to solution performance or incorporate unique technologies, and the loss of existing supply contracts could have a material adverse effect on us.

We rely on a limited number of major foundries for chip manufacturing services. The third-party foundries from which we procure manufacturing services may be unable to obtain the materials and components necessary for our business operations in a timely manner and at a reasonable cost, or experience disruption in providing manufacturing services, which may adversely affect our revenue and profitability.

We rely on a limited number of major foundries for chip manufacturing services. We carefully select foundries capable of meeting our customization requirements while maintaining the quality standards we demand and adhering to the desired timeframe for product launches. Any disruptions to our current supply chain could lead to production delays and necessitate the allocation of time and resources for engaging with new foundries. Additionally, transitioning to new foundries may require extra time to communicate our customization needs effectively or to make adjustments to meet our specifications. Our reliance on a limited number of major foundries may present significant risks to us, including the following:

- reduced control over delivery schedules, yields and product reliability;
- manufacturing cost increases;
- manufacturing deviations from internal and regulatory specifications;
- the failure of a key manufacturer to perform as we require for technical, market or other reasons;

- difficulties in establishing additional manufacturer relationships with capable manufacturers if we are presented with the need to transfer our manufacturing demand to them;

- misappropriation of our intellectual property; and

- other risks in potentially meeting our product development schedule or satisfying the requirements of our market partners, distributors, direct customers and end users.

If we need to enter into agreements for the manufacturing of our future products, there can be no assurance we will be able to do so on favorable terms, if at all.

The semiconductor industry has experienced a very large expansion of fabrication capacity and production worldwide over time. As a result of increasing demand from semiconductor and other manufacturers, availability of certain basic materials and supplies, such as chemicals, gases, polysilicon, silicon wafers, ultra-pure metals, lead frames and molding compounds, and subcontract services, like epitaxial growth and wafer fabrication, have from time to time, over the past several years, been in short supply and could come into short supply again if overall industry demand continues to increase in the future. Natural disasters can also lead to a shortage of some of the above materials due to disruption of the manufacturer's production from time to time. Any shortage in supplies could affect the price of the above basic materials, in particular silicon, and could reasonably affect our results of operations. Furthermore, as raw material purchase price is not only affected by the above materials and supplies, but also by the manufacture processes, technologies and services provided by the foundries, insufficient volume to secure priority ordering and technologies at foundries or any disruption of foundry services could occur as a result of production constraints on the foundries from which we procure manufacturing services, which could have a materially adverse effect on our business operations and our results of operations. In addition, our unaffiliated contract foundries have experienced and may continue to experience in the future, unexpected increases in work wages, whether government mandated or otherwise and increases in compliance costs due to governmental regulation concerning certain metals used in the manufacturing of our products. We also cannot be certain that our unaffiliated contract foundries will be able to meet our product customizations or fill our orders in a timely manner.

If we experience significant increases in demand, or reductions in the availability of materials, or need to replace an existing foundry, there can be no assurance additional supplies of components or additional manufacturing capacity will be available when required on terms acceptable to us, or at all, or that any supplier or foundry would allocate sufficient capacity to us in order to meet our product customizations. In addition, even if we are able to expand existing or find new manufacturing or sources of components, we may encounter delays in production and added costs as a result of the time it takes to train suppliers and foundries in our methods, products, quality control standards and labor, health and safety standards. Any delays, interruption or increased costs in labor or wages, or the supply of materials or manufacture of our products could have an adverse effect on our ability to meet consumer demand for our products and result in lower revenues and net income both in the short- and long-term.

Undetected defects, failures or reliability issues in our products could reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design and production process, our products may contain undetected defects or failures when first introduced or after commencement of commercial shipments, which might require product replacement or recall. Further, changes of raw material used in the production processes may cause our products to fail. However, if defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results.

Further, the production of our products, including the fabrication of semiconductor wafers, and the assembly and testing of products, involve highly complex processes. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a substantial portion of the components on a wafer to be nonfunctional. These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. They may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

Our GNSS products may be subject to warranty, indemnity product liability claims and/or product return, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products, financial conditions, results of operations and prospects.

GNSS chips and modules are highly complex and may contain defects that affect their quality or performance. Failures in our products could result in damage to our reputation for reliability and increase our legal or financial exposure to third parties. If any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our contracts and purchase orders. In addition, during the Track Record Period, in the exceptional circumstances, we accepted a restricted number of returns of products not related to quality defects. These events may divert our technical and other resources from other product development efforts and could result in claims against us by our downstream customers, including liability for costs and expenses associated with product defects, including recalls, which may adversely impact our operating results. We may also be subject to third parties' alleging damages resulting from use of our products. Those users may seek indemnification from us. In certain cases, our potential indemnification liability may be significant we cannot guarantee that such events will not occur in the ordinary course of business in the future.

Further, we offer our products to downstream customers in industries such as consumer electronics, bike-sharing, IoT, smart transportation, meteorological detection, intelligent driving, and deformation monitoring, where failure of the systems in which our products are integrated could cause damage to property or persons. We may be subject to product liability claims if our products, or the integration of our products, cause system failures. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. In addition, if any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be damaged, which could make it more difficult for us to offer our products to downstream customers and which could also adversely affect our operating results.

We depend on the continued services and performance of our senior management and other key employees, including core R&D personnel and skilled engineers. If we are unable to recruit, retain and motivate any of them, our business, operating results and financial condition may be adversely affected.

Our future performance depends on the continued services and contributions of our senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and innovations, perform effective product design, and R&D. We also rely on our experienced management team to ensure smooth business operations, including maintenance of distributor and supplier relationships, and management of our operations. Any loss of service of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results.

From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also require significant amounts of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the GNSS spatial positioning service sector. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

Our international operations are subject to a variety of costs and legal, regulatory, political and economic risks.

Our business and results of operations are affected by our ability to execute our globalization strategy, which primarily involves expanding into new international markets, particularly Europe, Japan, South Korea, India, and Southeast Asia. Operating internationally subjects us to additional risks and challenges such as:

- limited brand recognition globally (compared with our presence in the PRC);
- costs and expenses in connection with global expansion, including recruitment of local personnel and lease or establishment of new premise or lab;
- ability to anticipate international consumers' and collaborators' needs and preferences;
- burdens of complying with a wide variety of local laws and regulations;
- wars, political and economic instability, including trade tensions; and
- technological and trade restrictions.

Our international expansion plans will place increased demands on our operational, managerial and administrative resources. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business accordingly to comply with local laws. Non-compliance may subject us to sanctions by regulatory authorities, to monetary penalties, or to restrictions on our activities or revocation of our licenses, which may result in a material adverse effect on our business, financial condition and results of operations in the relevant overseas market. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly.

We may be subject to the risks associated with international trade policies, export controls and economic sanctions, geopolitics and trade protection measures.

Our globalization strategy to expand our global markets exposes us to risks associated with international trade regulations and geopolitical developments. For example, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, sanctions, and export controls and other restrictive measures targeting high-technology goods, including in the industry in which we operate. These policies have introduced uncertainties to global supply chains, limited access to critical raw materials and components, and increased production and compliance costs for companies operating in affected industries.

The U.S. has also recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals onto its "Entity List" and other sanctioned and restricted party lists that limit their access to certain U.S.-origin goods, software, and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, and foreign direct products of certain U.S.-origin software, technologies or equipment. Geopolitical tensions between China and the United States may intensify and the United States may adopt even more restrictive measures in the future, including by imposing additional sanctions on, or further restricting U.S. investment in, Chinese-affiliated companies.

On October 28, 2024, the U.S. Department of the Treasury released new regulations (the "**Final Rule**") prohibiting or requiring notification of U.S. outbound investments in certain Chinese-affiliated companies operating in the semiconductor and microelectronics, quantum information technology, and artificial intelligence sectors ("**covered foreign persons**"). The Final Rule took effect on January 2, 2025. The Final Rule imposes additional diligence responsibilities, record-keeping, and notification requirements and restrictions on U.S. persons and their controlled foreign entities. Specifically, depending on the covered foreign person's specific activities, U.S. persons are either prohibited from making certain types of investments in the covered foreign person, or must notify covered investments to the U.S. Department of the Treasury.

We may be deemed a covered foreign person due to our business activities, specifically those related to the design of integrated circuits. Given the nature of our activities, we believe that the purchase of shares through the **[REDACTED]** would not be a prohibited transaction under the Final Rule, but that U.S. persons would be required to notify the U.S. Department of Treasury of their participation in the **[REDACTED]**. As a result, the Final Rule may have increased the compliance burden of the U.S. investors. For instance, U.S. investors may need to adopt a more cautious approach in their investment in us, which may negatively impact our ability to raise capital.

The Final Rule excludes certain investments from the scope of covered transactions, including investments in **[REDACTED]** securities that do not afford the U.S. persons rights beyond standard minority shareholder protections. As a result, upon completion of the **[REDACTED]**, it is expected that U.S. persons are allowed to purchase our **[REDACTED]** shares on the Hong Kong Stock Exchange without notification obligations. However, even though the purchase of our shares by U.S. persons from the Stock Exchange will be exempted from the scope of covered transactions under the Final Rule, the relevant laws, regulations, and policies continue to evolve and we cannot rule out potential amendments to the Final Rule that further restrict U.S. person investment. If our ability to raise such capital is significantly and negatively affected, it could materially and adversely impact our business, financial condition and prospects.

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. Insurance companies in the PRC may not offer comprehensive insurance products that cover all of our business operations. As such, we cannot insure against certain risks related to our assets or business even if we desire to.

As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. See "Business — Insurance." We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured occurrence of including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We partner with third-party chip probing service providers for inspection and testing of foundry-manufactured wafers and storage of our inventory and entrust third party companies to conduct chip packaging in connection with the manufacturing of the chips. Any disruption in the operation of such third parties could adversely affect our business.

We partner with third-party chip probing service providers for inspection and testing on the delivered foundry-manufactured wafer and storage of our inventory, as our inventory management is standardized through our digital warehousing system across our escrow warehouse at our chip probing service providers' plant. We also entrust third party companies to conduct chip packaging in connection with the manufacturing of the chips. There can be no assurance that we will be able to continue to maintain good relationship or renew our agreements with such third parties on commercially reasonable terms, if at all. If we fail to continue our cooperation with such third parties, or if their business or operations are interrupted or fail due to factors beyond our control, including geological events such volcanic eruptions, earthquakes, hurricanes or other such natural disasters, and we fail to find comparable alternatives on reasonable terms, our business may be materially and adversely affected.

Our operations may be subject to transfer pricing adjustments by relevant tax authorities.

Our operations may be subject to transfer pricing adjustments by relevant tax authorities. We have certain intra-group transactions that may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, our subsidiaries in the mainland China and Hong Kong have engaged in the following five types intra-group transactions, namely (i) Beijing Allystar and Hong Kong Allystar providing contract R&D services to our Company, (ii) Beijing Allystar charging business support service fees from our Company and Hong Kong Allystar, (iii) Xiamen Allystar selling raw materials to our Company, (iv) our Company selling finished products to Hong Kong Allystar, and Hong Kong Allystar selling finished products to our Company, and (v) Shanghai Hangqi, Allystar Information, and Medo purchasing finished products from our Company and selling them to third parties. For more details, see "Business — Intra-group Transactions." As such, we could face adverse tax consequences if the relevant tax authorities determine that some of our intra-group transactions do not represent arm's length principle and consequently adjust any of those entities' taxable income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities, the relevant tax authorities may impose late payment charge and/or interest and/or other penalties on us for any unpaid taxes. In addition, double taxation arisen as a result of transfer pricing adjustment may give rise to tax recoverable under double taxation relief arrangement (if applicable) in certain jurisdictions. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operation may therefore be adversely affected.

Further, we expect that the intra-group transactions will continue in the foreseeable future and we will determine transfer pricing arrangements that we believe to be the same as that transacted with unrelated third parties on an arms' length basis. However, there is no assurance that relevant tax authorities would share the same view, or such transfer pricing laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that such intra-group transactions were not on an arm's length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby adjust revenue, deduct costs and expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

The markets for GNSS products and solutions are cyclical. Increased production may lead to overcapacity and lower prices, and conversely, we may not be able to satisfy unexpected demand for our products, which may affect our results of operations.

The cyclical nature of the global GNSS spatial positioning service industry has resulted in periods when demand for our products and solutions has increased or decreased rapidly. The demand for our products is subject to the strength of downstream industries our downstream customers operate in, including consumer electronics, bike-sharing, IoT, smart transportation, meteorological detection, intelligent driving, deformation monitoring enabling precise and efficient navigation and positioning, position tracking, displacement monitoring and satellite communications. If we expand our business operations too rapidly and that demand does not materialize at the pace at which we expect, or declines, our operating results may be adversely affected as a result of increased operating expenses, reduced margins or underutilization of capacity. Conversely, during periods of rapid increases in demand, our available capacity may not be sufficient to satisfy the demand. In addition, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources and raw materials, locate suitable third-party suppliers, or respond effectively to changes in demand for our existing products or solutions or to demand for new products or solutions requested by our downstream customers, and our current or future business could be materially and 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.

Capital requirements are difficult to plan in the highly dynamic, cyclical and rapidly changing semiconductor industry. From time to time and increasingly so for the next few years, we will continue to need significant capital to fund our operations and manage our capacity in accordance with market demand. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the global GNSS spatial positioning service industry;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital-raising activities by semiconductor companies in the PRC; and
- social, economic, political and other conditions in the PRC 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 issue additional equity securities. The issuance of additional equity or equity-linked securities could dilute our Shareholders' shareholding interest. In case the capital required for our expansion could not be raised through the issuance of equity or equity-linked securities, we may need to incur additional indebtedness, which will lead to increased debt service obligations and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our Shareholders. Our profitability would also be adversely affected if the increase in interest expenses could not be passed on to our downstream customers.

Our results of operations are subject to fluctuations due to the seasonality of our business.

We have experienced and expect to continue to experience seasonal fluctuations in our revenue. Our results of operations historically have been seasonal primarily because we typically provide GNSS-based solutions on a project-by-project basis, with delivery and acceptance of these projects typically occurring in the third and fourth quarters. Therefore, we typically generate a larger portion of revenue from GNSS-related solutions in the third and fourth quarter of a particular calendar year. If our seasonal revenue is below expectations, our operating results could be below the expectations of securities analysts and investors.

Our quarterly results may not be comparable to the corresponding periods of prior years, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. Due to our limited operating history, the seasonal trends that we have experienced in the past may not fully apply to, or be fully indicative of, our future operating results. If our growth rate declines or seasonal spending becomes more pronounced, seasonality could have an adverse impact on our revenue, cash flow and operating results from period to period.

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

Our inventories consist of raw materials, work in progress, and finished goods. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. See "Business — Inventory Management."

As of December 31, 2022, 2023 and 2024, we had inventories and contract costs of RMB93.4 million, RMB96.7 million and RMB70.9 million, respectively. During the Track Record Period, we made provision for inventories amounting to RMB1.1 million, RMB0.2 million and RMB0.2 million, respectively, for each of the years ended December 31, 2022, 2023 and 2024. For the same periods, our inventory turnover days were 45 days, 60 days and 40 days, respectively. As our business expands, our inventory level may increase and our inventory obsolescence risk may also increase accordingly. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials and finished goods. We maintain our inventory levels based on our internal forecasts of customers' demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. There is no assurance that information relating to the business plans or sales results of our distributors would be reported to us by our distributors timely and accurately. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

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

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not collect or process a large amount of personal data. To ensure data security, we have adopted and strictly executed a data accessing and transmitting policy to ensure the confidentiality of our data. We face a number of risks relative to protecting these critical data and information, including material system failure or security breach, loss of access and data, inappropriate use or disclosure, inappropriate modification, and the risk of inability to adequately monitor, audit, and modify our controls over our critical data and information. This risk extends to our vendors and subcontractors we use to manage our sensitive data and our collaborators who share with us sensitive data. See "Business — Data Privacy and Information Security Risk Management."

The secure processing, storage, maintenance, and transmission of this critical information are vital to our operations, and we devote significant resources to protecting such information. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance, or other malicious or inadvertent disruptions. In addition, while we have implemented security measures and a formal, dedicated enterprise security document to prevent unauthorized access to confidential data, such data is accessible through multiple channels, and there is no guarantee we can protect our data from breach. 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.

If we fail to maintain effective internal controls and risk management, we may not be able to accurately report our financial results or prevent fraud.

We will become a **[REDACTED]** company upon completion of the **[REDACTED]**, and our internal controls and risk management will be essential to the integrity of our business and financial results. Our **[REDACTED]** reporting obligations are expected to place a strain on our management, operational and financial resources and systems in the foreseeable future. In order to address our internal controls and risk management issues and to generally enhance our internal controls, risk management and compliance environment, we have taken various measures to improve our internal controls and risk management and procedures including establishing an accountability system, adopting new policies, and providing extensive and training on our controls, procedures and policies to our employees. In addition, in preparation for the **[REDACTED]**, we have implemented other measures to further enhance our internal controls and risk management, and plan to take steps to further improve our internal controls and risk management. See "Business — Risk Management and Internal Control." If we encounter difficulties in improving our internal controls and management information systems, we may incur additional costs and management time in meeting our improvement goals. We cannot assure you that the measures taken to improve our internal controls and risk management will be effective. If we fail to maintain effective internal controls and risk management in the future, our business, financial condition, results of operation and reputation may be materially and adversely affected.

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

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, distributors, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such claims and disputes may evolve into litigations and damage our reputation and goodwill, 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 defense costs, utilize a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could harm our business. In addition, we may need to spend a significant amount to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition and results of operations.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations, and noncompliance with such laws and regulations can subject us to civil liability, administrative penalties and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our business, prospects, results of operations, financial condition, and cash flows.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities, including the United States Foreign Corrupt Practices Act ("**FCPA**"), and other anti-corruption laws and regulations. The FCPA prohibits us and our Directors, officers, employees, and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, prospects, results of operations, financial condition, and cash flows.

We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increasing level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. However, our policies and procedures may not be sufficient and our Directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible. Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe civil liability, administrative penalties and criminal sanctions, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, prospects, results of operations, financial condition, and cash flows.

Certain countries or organizations, including the U.S., the European Union, the United Nation, the United Kingdom, and Australia, have, through executive order, legislations or other government means, implemented measures that impose economic sanctions against certain countries, regions or targeted industry sectors, groups of companies or persons, and/or organizations within such countries and regions. Sanctions laws and regulations are continually evolving, with new individuals and entities regularly being added to the list of sanctioned persons. Moreover, new requirements or restrictions may come into effect, potentially intensifying scrutiny on our business, particularly concerning our international expansion plans, or resulting in one or more of our business activities being deemed to have violated sanctions. Our business and reputation could be adversely affected if the authorities of relevant jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose.

If we fail to fully comply with applicable PRC labor laws, including the timely payment of social insurance premiums and housing provident funds for our employees, we may be subject to penalties or administrative actions, which may in turn affect our financial condition and reputation.

Pursuant to applicable PRC labor laws and regulations, we are required to enter into written employment contracts with our employees and make contributions to social insurance schemes and housing provident funds in accordance with local requirements. These contributions include pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident funds. For details, see "Regulatory Overview — Regulations Relating to Employment and Social Welfare." Due to historical reasons, differences in local practices and administrative complexities, we did not make full social insurance and housing provident fund contribution for our employees in accordance with relevant laws and regulations during the Track Record Period.

As of the Latest Practicable Date, we had not received any administrative penalty or rectification notice from PRC authorities in connection with social insurance or housing provident fund contribution. However, we cannot assure you that the competent government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. If we are subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

Our rights to use some of our leased properties could be challenged by property owners, and we may be liable for failure to register and file our lease agreements.

As of the Latest Practicable Date, with respect to five of our leased properties in the PRC, the lessors of such properties failed to provide us with sufficient or valid ownership certificates. Based on the advice of our PRC Legal Advisors, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, but our leases may be affected.

Pursuant to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we had not obtained the registration of lease agreements for 12 of our leased properties in the PRC. See "Business — Land and Properties." We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisors have advised us that failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements under PRC laws, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to register such lease agreements within the time frame prescribed by the relevant PRC government authorities. As a result, any imposition of fines due to such failure may adversely affect our business operations and financial condition.

Our operations may be delayed or interrupted and our business could suffer if we or the third-party foundries we cooperate with fail, or are alleged to have failed, to comply with any existing or new environmental, occupational or safety regulations.

We are subject to a variety of environmental, occupational or safety regulations relating to the use, discharge and disposal of toxic or otherwise hazardous materials used in our production processes in the PRC and may be subject to the same regulations relating to the production processes of third-party foundries we cooperate with, as we operate with a "fabless" model, focusing on the design process and outsource the IC manufacturing to foundries. Any failure or any claim that we or the third-party foundries we cooperate with have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business. In addition, any failure of us, or the third-party foundries we cooperate with, to comply with these regulations could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations. We may become subject to legislation, regulation, or treaty obligations designed to address global climate change, air quality in the PRC, and other environmental concerns. Compliance with any new rules could be costly, causing us to incur additional energy and environmental costs, as well as costs for defending and resolving legal claims.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brand is critical to maintaining and expanding our business. Maintaining and enhancing our brand depends largely on our ability to continue to provide quality products, which we cannot assure you we will do successfully. Quality issues, product performance, reliability and stability of our products as well as price may harm our reputation and brand, and we may introduce new products which might be poorly received by our downstream customers. Additionally, if downstream customers have a negative experience using our products, such an encounter may affect our brand and reputation within the industry. Furthermore, we believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We cannot assure you that our marketing spends will lead to increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

We have engaged and may continue to pursue collaborations or licensing arrangements, joint ventures, strategic alliances, partnerships or other strategic investment or arrangements in the future, which may fail to produce anticipated benefits and adversely affect our operations.

We have invested in companies that we think share synergies with our business. In 2022, we acquired 53.74% equity interest in Medo, a GNSS-based terminals and solutions provider, to tap into the downstream market of high-precision deformation monitoring solutions to expand our business. For more details, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers." We may continue to pursue opportunities for collaborations, out-license, joint ventures, acquisitions of business or technology, strategic alliances, or partnerships that we believe would advance our development in the future. We may consider pursuing growth through the acquisition of technology, assets or other businesses that may enable us to enhance our technologies and capabilities. Proposing, negotiating and implementing these opportunities may be a lengthy and complex process. Our competitors, including those with substantially greater financial, marketing, technology, or other business resources, may compete with us for these opportunities or arrangements. We may not be able to identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis and acceptable terms, or at all.

To the extent that we are successful in entering into such commercial arrangements, the management and integration required of a licensing arrangement, collaboration, joint venture or other strategic arrangements may disrupt our current operations, result in significant expenses, decrease our profitability, or divert management resources that otherwise would be available for our existing business. We may not realize the anticipated benefits of any or all of our collaborations or licensing arrangements, joint ventures, strategic alliances, partnerships or other strategic investment or arrangements in the time frame expected or at all.

In addition, valuations supporting our acquisitions and strategic investments could change rapidly. Following any such transaction, there could be impairments in valuations or other-than-temporary declines in fair value, which could materially adversely affect our business, financial condition and operating results through the write-off of goodwill and other impairment charges.

We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a **[REDACTED]** company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are **[REDACTED]**, as well as the various regulatory authorities in the PRC, and to new and evolving regulatory measures under applicable laws. We may also be subject to the changing social trends on the concerns regarding environmental, social and governance risks. Our efforts to comply with new and changing laws, regulations and social trends have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing adjustment regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

We may be subject to natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, or other factors beyond our control.

A vast majority of our operations and workforce are based in the PRC. Significant natural disasters, including earthquakes, extreme weather conditions, as well as epidemic diseases or any similar event could materially impact our business in the future. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, such as power disruptions, computer viruses, data security breaches or terrorism, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition. In addition, our business could be affected by public health epidemics and pandemics. Even if we are not directly affected, such a disaster or disruption could affect the operations or financial conditions of our customers, which could harm our results of operations. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our financial condition and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

Our commercial success depends significantly on our ability to operate without infringing upon, misappropriating or otherwise violating the intellectual property rights of third parties.

The markets we operate in are subject to rapid technological change and substantial litigation regarding patent and other intellectual property rights. Our competitors may have substantially greater resources to make substantial investments in patent portfolios and competing technologies, and may apply for or obtain patents that could prevent, limit or otherwise interfere with our ability to make, use and sell our products, solutions or technologies. Numerous third-party patents exist in fields relating to our technologies, and it is difficult for industry participants, including us, to identify all third-party patent rights relevant to our solutions or technologies. Moreover, because some patent applications are maintained as confidential for a certain period of time, we cannot be certain whether third parties have filed patent applications that cover our solutions and technologies.

Third parties may have or obtain valid and enforceable patents or proprietary rights that could block us from using our technologies. Our failure to obtain or maintain a license to any third-party intellectual property rights that we require may materially harm our business, financial condition and results of operations. Furthermore, we would be exposed to risks of litigation. Third-party intellectual property right holders may also actively bring infringement or other intellectual property-related claims against us, even if we have received patent and other intellectual property protection for our technologies, solutions, and services. Regardless of the merit of third parties claims against us for infringement, misappropriation or violations of their intellectual property rights, such third parties may seek and obtain injunctive or other equitable relief, which could effectively block our ability to continue to offer our products and solutions. Further, if a patent or other intellectual property infringement suit were brought against us, we could be forced to stop or delay our R&D activities and the provision of our products and solutions, the regulatory approval process, the use of the challenged trademarks, or other activities related to subject of such suit. Defense of these claims, even if such claims are resolved in our favor, could cause us to incur substantial expenses and be a substantial diversion of our resources even if we are ultimately successful. With respect to these claims, any adverse ruling or perception of an adverse ruling could have a material adverse impact on our cash position and H Share price. Such litigation or proceedings could substantially increase our operating costs and reduce the resources available for R&D activities, or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios.

We may be unsuccessful in obtaining or maintaining patent or other adequate intellectual property protection for our technologies, solutions or products, due to any rejections of our patent applications or licensed patent applications. If our issued patents are determined invalid or unenforceable when challenged in court or before administrative bodies, third parties could develop and commercialize solutions, products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize any technology, solutions or products may be adversely affected.

Our commercial success will depend, in large part, on our ability to obtain, maintain and defend patent and other intellectual property protection with respect to our GNSS chips, modules and related solutions. We protect our proprietary position by filing patent applications in the PRC related to our technologies, products and solutions that are important to our business. We may also consider protecting our proprietary position by in-licensing intellectual property related to our technologies, products and solutions. If we are unable to obtain or maintain patent protection with respect to any proprietary technologies, products or solutions, our business, financial condition, results of operations, and prospects could be materially harmed.

We cannot be certain that patents will be issued or granted with respect to our patent applications that are pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect our technologies, products and solutions, or otherwise fail to provide us with any competitive advantage. Patent applications we have submitted may not be granted in the end. Moreover, some of our patents and patent applications may currently be or may in the future be, jointly owned with third parties. If we are unable to obtain an exclusive license to any such third-party jointly-owned interest in such patents or patent applications, such joint owners may be able to license or assign their rights to other third parties, including our competitors, and our competitors could market competing products and solutions and/or technologies identical to ours. In addition, we may need the cooperation of any such joint owners of our patents in order to enforce such patents against third parties, and we may not be able to achieve such cooperation. Furthermore, certain of our patents were used as collateral to secure our financing activities, and if we fail to repay certain loans, we may not be able to maintain such patent rights. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects. As such, we do not know the degree of future protection that we will have on our technologies, products and solutions, if any, and a failure to obtain adequate intellectual property protection with respect to our technologies, products and solutions could have a material adverse impact on our business.

While we can take measures to obtain patents and other intellectual property protections with respect to our technologies, products and solutions, there can be no assurance that the existence, validity, enforceability, or scope of our intellectual property rights will not be challenged by a third party, or that we can obtain sufficient scope of claim in those patents to prevent a third party from utilizing our technologies or competing against our products and solutions. For example, in an infringement proceeding, a court may decide that patent rights or other intellectual property rights owned by us are invalid or unenforceable, or may refuse to order the other party to refrain from utilizing the technology at issue on the ground that our patent rights or other intellectual property rights do not cover the technology in question. An adverse result in any litigation or administrative proceedings could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable, or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

In addition, if we were to initiate legal proceedings against a third party to enforce a patent covering our technologies, products and solutions, the defendant could counterclaim that our patent is invalid and/or unenforceable. Third parties may also raise similar claims before administrative bodies in the PRC or abroad, even outside the context of litigation. Such mechanisms include *ex parte* re-examination, *inter partes* review, post-grant review, derivation and equivalent proceedings, such as opposition proceedings. Grounds or claim for a validity challenge fails to meet any of several statutory requirements, for example, unpatentable subject matter, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion or claiming that someone connected with prosecution of the patent withheld relevant material information from the United States Patent and Trademark Office, or the applicable foreign counterpart, or made a misleading statement, during prosecution. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we, our patent counsel, and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our technologies, products or solutions. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Any loss of patent protection could have a material adverse impact on one or more of our technologies, products or solutions and our business.

We may not be successful in obtaining or maintaining necessary rights for our technology through acquisitions.

Because our GNSS products and solutions may involve additional technologies that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire other rights to use these proprietary rights. We may be unable to acquire any compositions, methods of use, or other intellectual property rights from third parties that we identify. The acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater R&D and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign rights to us. We also may be unable to acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain our intellectual property rights, we may have to abandon development of the relevant technology, solution or products, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how as well as our copyrights. We may not be able to enter into invention assignment and confidentiality agreements with our employees and third parties. Such agreements may not prevent ownership disputes or unauthorized disclosure of trade secrets and other proprietary information.

We rely upon unpatented trade secrets, unpatented know-how and continuing technological innovation to develop and maintain our competitive position, which we may seek to protect, in part, by entering into agreements, including patent or invention assignment agreements, intellectual property ownership agreements, confidentiality agreements and non-disclosure agreements, with parties that have access to them, such as our employees, consultants, academic institutions, collaborators, and other third-party service providers. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we may take against persons making such unauthorized disclosures. In addition, to the extent that our employees, consultants or contractors 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.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or business partners may intentionally or inadvertently disclose our trade secret information to competitors or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable.

We may enter into agreements to sponsor individuals or research institutions to conduct research relevant to our business in the future. The ability of these individuals or research institutions to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our confidential information. If we do not file patent application(s) prior to such publication, or if we cannot otherwise maintain the confidentiality of our proprietary technologies and other confidential information, then our ability to obtain patent protection or to protect our trade secret or proprietary information may be jeopardized, which could adversely affect our business, financial condition and results of operations.

We also seek to enter into agreements with our employees and consultants that obligate them to assign any inventions created during their work for us to us. However, we may not obtain these agreements in all circumstances, and the assignment of intellectual property under such agreements may not be self-executing. It is possible that technology relevant to our business will be independently developed by a person that is, or is not, a party to such an agreement. Furthermore, if the employees, consultants or collaborators who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets and inventions through such breaches or violations. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

We may be subject to claims that our employees, consultants and/or advisors have wrongfully used or disclosed alleged trade secrets of their former employers.

Some of our employees, consultants and/or advisors were previously employed at other GNSS spatial positioning solution providers, including our competitors. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Changes in patent laws in the jurisdictions in which we operate could raise challenges with respect to our patent protection in such jurisdictions and increase the risk of early generic competition with our solutions or products.

Depending on decisions by the National People's Congress of the PRC (the "**NPC**") and the China National Intellectual Property Administration (the "**CNIPA**"), the laws and regulations governing patents could change in ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. There could be similar changes in the laws of other jurisdictions that may impact the value of our patent rights or our other intellectual property rights. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained, if any.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The CNIPA and various patent offices or authorities in other jurisdictions require compliance with a number of procedural, documentary, fee payment and other provisions during the patent application and prosecution process. Periodic maintenance fees, renewal fees, annuity fees, and various other governmental fees on patents and/or applications will be due to be paid to the CNIPA and various patent offices or authorities outside of the PRC in several stages over the lifetime of the patents and/or applications. We employ reputable professionals and rely on such third parties to help us comply with these requirements and effect payment of these fees with respect to the patents and patent applications that we own. Noncompliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official communications within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case, which could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Patent terms may not be sufficient to effectively protect our technology.

In most countries in which we plan to file applications for patents, the term of an issued patent is generally 10 to 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. Although various extensions may be available, the life of a patent and the protection it affords is limited. Even if patents covering our technology, products and solutions are obtained, we may be exposed to competition from other companies once our patent rights expire. Given the amount of time required for the development, testing and regulatory review of new technology, products and solutions, patents protection for such technology, products and solutions might expire before or shortly after such technology, products and solutions are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products, solutions or technology similar or identical to ours.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our technology in all countries throughout the world would be prohibitively expensive and time-consuming. We may also encounter difficulties in protecting and defending such rights in foreign jurisdictions. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the jurisdictions of the registration of our intellectual properties. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products. Our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many other countries do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents in such countries.

Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

RISKS RELATING TO OUR FINANCIAL PROSPECTS AND NEED FOR ADDITIONAL CAPITAL

We had net operating cash outflows during the Track Record Period and there is no assurance that we can generate net cash inflow in the future. If we are unable to manage fluctuations in cash flow or improve our liquidity and capital resources, it may expose us to liquidity risk and our business and financial condition and prospects may be materially and adversely affected.

For the years ended December 31, 2022, 2023 and 2024, we had net cash flows used in operating activities of RMB79.7 million, RMB107.2 million and RMB141.2 million, respectively. For a detailed analysis on our operating cash flow, see "Financial Information — Liquidity and Capital Resources — Cash Flows." It is possible that our operating cash flow will continue to be subject to our prospective business activities and/or other matters beyond our control, such as market competition and changes to the macroeconomic environment.

In particular, our working capital requirements and cash flows are subject to changes due to certain factors, including:

- fluctuations in the revenue from our operating activities;
- fluctuations in the collection of receivables;
- timing and the size of payables;
- timing and size of capital expenditures; and
- the repayment schedules of our debt obligations.

If we are unable to manage fluctuations in cash flow, we may not be able to fulfill our obligations under our business and operational agreements, and our operating results and financial condition may be materially adversely affected. Furthermore, if we are not able to generate net cash inflows, we would need to seek adequate financing from sources such as equity or equity-linked instruments and external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we are unable to maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our strategic plans, and our business, financial position and results of operations may be adversely affected.

Our failure to fulfill our obligations in respect of contract liabilities may materially and adversely affect our liquidity and financial position.

Our contract liabilities represent the advance payments made by customers before we provided our GNSS chips, modules and related solutions. As of December 31, 2022, 2023 and 2024, our contract liabilities were RMB12.7 million, RMB27.7 million and RMB62.2 million, respectively. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to reimburse or compensate our customers for failure to fulfill our obligations. As a result, our results of operations, liquidity and financial position may be adversely affected.

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.

During the Track Record Period, we recorded government grants recognized in profit and loss of RMB19.5 million, RMB13.2 million and RMB27.8 million in 2022, 2023 and 2024, respectively, which mainly consist of subsidies received from government in support of our R&D projects and activities carried out in semiconductor industry and high-technology advancement. In addition, we benefited from preferential tax treatments from the PRC government during the Track Record Period. Our Company and certain of our subsidiaries were qualified as high-technology enterprise and were entitled to a preferential income tax rate of 15% for the Track Record Period. According to the Circular on Improving the Policy on Extra Super-deduction of R&D Expenses (《關於完善研究開發費用稅前加計扣除政策的通知》) promulgated by the STA, the MOF and the MOST, effective from January 1, 2016 onwards, enterprises carrying out R&D activities are entitled to claim super-deduction of R&D expenses amounting to 50% of its research and development expenses in determining its tax assessable profits for the year. The super-deduction ratio of R&D expenses increased from 50% to 75%, effective from January 1, 2018 to December 31, 2020, according to the new tax incentives policy, the Notice of Increasing the Ratio of the Super-deduction of R&D Expenses (《關於提高研究開發費用稅前加計扣除比例的通知》) promulgated by the STA, the MOF and the MOST in September 2018. The applicable period of this policy was subsequently extended to December 31, 2023, pursuant to the Announcement of the MOF and the STA on Extending the Implementation Period of Some Preferential Tax Policies (《財政部稅務總局關於延長部分稅收優惠政策執行期限的公告》) issued on March 15, 2021. The ratio of the super-deduction of R&D expenses has been further increased to 100% for enterprises entitled to 75% super-deduction of R&D expenses during the period from October 1, 2022 to December 31, 2022, and such enterprises are allowed to deduct the full amount of equipment and appliances newly purchased during the period from October 1, 2022 to December 31, 2022 from the taxable income amount on a one-off basis in the current year, according to the Announcement on Increasing Super-deduction in Support of Scientific and Technological

Innovation (《關於加大支持科技創新稅前扣除力度的公告》) promulgated by the STA, the MOF and the MOST in September 2022. According to the Announcement of the MOF and the STA on Further Improving the Pre-tax Deduction Policy for R&D Expenses (2023) (《財政部稅務總局關於進一步完善研發費用稅前加計扣除政策的公告(2023)》), where R&D expenses actually incurred by an enterprise when it conducts any R&D activity have been recognized in profit and loss and not capitalized, from January 1, 2023 onwards, 100% of the amount of R&D expenses actually incurred in this year shall be deducted before tax payment in addition to the deduction of actual expenses as prescribed, and where intangible assets have been formed, 200% of the costs of the intangible assets shall be amortized before tax. We have claimed super-deduction of R&D expenses upon above mentioned regulations in ascertaining our tax assessable profits for the Track Record Period. We cannot assure that we will continue to receive government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and result of operations may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Our business is affected by changes in the economic, political or social environment of the PRC.

A substantial portion of our business, assets and operations are located in the PRC, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in the PRC. Similar to many other countries and regions, the PRC regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. Our business has been and would continue to be affected by the PRC's economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence the PRC's economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, the PRC has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the

PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in the PRC, it is unclear whether dividends we pay with respect to our H Shares, or the gain realized from the transfer of our H Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your **[REDACTED]** in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Fluctuations in exchange rates could have a material effect on our results of operations and the value of your investment.

During the Track Record Period, we recorded in our consolidated statements of profit or loss net foreign exchange gain of RMB0.3 million in 2022, and net foreign exchange loss of RMB1.2 million and RMB2.4 million in 2023 and 2024, respectively. In addition, we recorded in our other comprehensive income on currency conversion differences of RMB17.1 million, RMB3.2 million and RMB4.2 million in 2022, 2023 and 2024, respectively. The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in domestic and international economic conditions and the foreign exchange policy adopted by the PRC government, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. We are subject to the risk of volatility in future exchange rates and to the PRC government's regulations on currency conversion.

Any significant appreciation or depreciation of the Renminbi may affect our revenue, earnings and financial positions, and the value of, and any dividends payable on, our H Shares in a foreign currency. There are limited instruments available for us to hedge our foreign currency risk. All of these factors could materially affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

Regulations on the remittance of Renminbi into and out of China and currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

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 a substantial portion of our business, assets and operations are located in the PRC. In addition, the majority of our Directors and executive officers reside in the PRC and have assets located in the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in the PRC, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of the PRC or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of the PRC or Hong Kong court. The PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in the PRC or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between the PRC and the country where the judgment was made.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and an active trading market for our H Shares may not develop.

No **[REDACTED]** currently exists for our H Shares. The initial **[REDACTED]** for our H Shares to the public will be the result of negotiations between our Company and **[REDACTED]** (on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** of our H Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in, the H Shares. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the **[REDACTED]** of the H Shares will rise following the **[REDACTED]**.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses for [REDACTED] who purchase our H Shares in the [REDACTED].

The **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile. Several factors beyond our control such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in demand for our products may cause significant and sudden changes to the **[REDACTED]** and **[REDACTED]** of our H Shares. Furthermore, the **[REDACTED]** of our H Shares could also decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. New shares or share-linked securities **[REDACTED]** by our Company may also confer rights and privileges that take priority over those conferred by the H Shares. The Stock Exchange and other securities markets have, from time to time, experienced significant **[REDACTED]** volatility that is not related to the operating performance of any particular company. This volatility may also materially and adversely affect the **[REDACTED]** of our H Shares.

Potential investors will experience immediate and substantial dilution as a result of the [REDACTED].

Potential investors will pay a price per H Share in the **[REDACTED]** that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as of December 31, 2024. Therefore, purchasers of our H Shares in the **[REDACTED]** will experience a substantial immediate dilution in **[REDACTED]** net tangible assets, and our existing Shareholders will receive an increase in the **[REDACTED]** adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the **[REDACTED]**, potential investors would receive less than the amount they paid for their H Shares. For more information, see "Appendix II — Unaudited **[REDACTED]** Financial Information."

The filing or regulatory review of the [REDACTED] by the CSRC or other PRC government authorities may be required under PRC laws.

On February 17, 2023, 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 relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the previous regulatory regime for overseas offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

As advised by our PRC Legal Advisors, the **[REDACTED]** will be considered a direct overseas **[REDACTED]** activity by a PRC domestic company under the Overseas Listing Trial Measures. Pursuant to the Overseas Listing Trial Measures, where an issuer submits an application for **[REDACTED]** to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

A rescission of any such approval or filing obtained by us would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may materially adversely affect our ability to finance the development of our business. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, we cannot guarantee that we could complete such filing procedure, or in a timely manner.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources or other sources contained in this document.

Certain facts, statistics and data contained in this document relating to the PRC, Hong Kong and the industries in which we operate have been derived from various official government publications, industry associations, independent research institutions, third party reports and/or other publicly available sources we generally believe to be reliable. Such information has not been prepared or independently verified by us, the **[REDACTED]** or any of our or their respective affiliates or advisors, and we cannot guarantee the quality or reliability of such source materials.

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of the PRC and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced with respect to other economies and should not be relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should give due consideration as to how much weight or importance you should attach to or place on such facts, forecasts or statistics.

There is no assurance whether and when we will pay dividends, which is subject to regulations under PRC law.

No dividend had been paid or declared by our Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business 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 other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, 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.

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

Prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the **[REDACTED]**, there may have been or may be press and media coverage regarding us, our business, our industry and the **[REDACTED]**. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the publication of any such information contained in such press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the press or media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of such information is inconsistent or conflicts with the contents of this document, we expressly disclaim responsibility for them. Accordingly, prospective investors should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to invest in our **[REDACTED]**. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this document, the **[REDACTED]**, and any formal announcements made by us in Hong Kong in relation to our **[REDACTED]**.

In preparation for the **[REDACTED]**, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, a new applicant for **[REDACTED]** on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two of its 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, the new applicant's arrangements for maintaining regular communication with the Stock Exchange.

Since our headquarters and principal business operations are located in mainland China and the management functions of our Group are carried out in mainland China, our executive Directors are based in mainland China, and are expected to continue to be based in mainland China, to better manage and attend to our Group's business operations. We consider that it is in the best interests of our Company for our executive Directors to be based in the places where our Group has significant operations and it would be practically difficult, unduly burdensome and costly to relocate our executive Directors to Hong Kong or appoint additional executive Directors who are ordinarily resident in Hong Kong. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements to maintain regular communication between the Stock Exchange and us:

(a) we have appointed Mr. Sun Zhongliang (孫中亮), our executive Director and Ms. Yeung Siu Lam (楊兆琳) ("**Ms. Yeung**"), one of our joint company secretaries, as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. Our authorized representatives will act as the principal channel of communication between the Stock Exchange and our Company. Ms. Yeung is ordinarily resident in Hong Kong, and Mr. Sun will be available to visit Hong Kong and meet with the Stock Exchange within a reasonable period of time upon request. Each of our Company's authorized representatives will be readily contactable by the Stock Exchange by telephone and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of our authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) our authorized representatives have means to contact all of our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office and/or home phone number and e-mail address), and in the event that a Director expects to be traveling or otherwise be out of office, he/she will provide his/her phone numbers or means of communication to our authorized representatives;

(c) each Director who is not ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange upon reasonable notice;

(d) we have appointed Lego Corporate Finance Limited as our compliance advisor (the "**Compliance Advisor**"), pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing from the **[REDACTED]** to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. Our authorized representatives, Directors and other officers of our Company will provide our Compliance Advisor with such information and assistance as our Compliance Advisor may reasonably require in connection with the performance of its duties;

(e) any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives, our Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes to our authorized representatives and our Compliance Advisor; and

(f) we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after **[REDACTED]**.

We believe that the above measures and arrangements will ensure that all members of our Board can be promptly informed of any matters raised by the Stock Exchange and that there is an effective communication channel in place 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, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and 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:

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

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

(c) 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 provides that in assessing "relevant experience", the Stock Exchange will consider the individual's:

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

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

(c) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company considers that while it is important for our company secretary to be familiar with the relevant securities regulations in Hong Kong, he/she also needs to have experience relevant to our Group's internal administration and business operations and have a close working relationship with the management of our Company in order to perform the functions of a company secretary and take the necessary actions in the most effective and efficient manner. We consider it beneficial for our Company to appoint a company secretary who has been a member of the senior management for a period of time and is familiar with our Company's business and affairs.

We have appointed Mr. Ge Chen (葛晨) ("**Mr. Ge**") and Ms. Yeung as the joint company secretaries of our Company. Ms. Yeung is an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Although Mr. Ge does not possess the qualification and sufficient relevant experience as stipulated in the Notes to Rule 3.28 of the Listing Rules, considering Mr. Ge's past management experience within our Group, his thorough understanding of the internal administration and business operations of our Group as well as his industry knowledge, he is a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are located in mainland China, our Directors believe that it is necessary to appoint Mr. Ge as a company secretary whose presence in mainland China will enable him to attend to the day-to-day corporate secretarial matters concerning our Group. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have Mr. Ge as our joint company secretary. For more details of Mr. Ge and Ms. Yeung's biographical information, see "Directors and Senior Management."

Apart from discharging her functions in her role as one of our joint company secretaries, Ms. Yeung will assist Mr. Ge in enabling him to acquire the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. In addition, Mr. Ge will also attend relevant professional training during each financial year as required under Rule 3.29 of the Listing Rules.

We have therefore applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in respect of the appointment of Mr. Ge as one of our joint company secretaries on the conditions that: (i) Mr. Ge must be assisted by Ms. Yeung, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver is valid for a period of three years from the **[REDACTED]** and will be revoked if there are material breaches of the Listing Rules by our Company.

We expect that Mr. Ge will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the **[REDACTED]**. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Ge, having had the benefit of Ms. Yeung's assistance for three years, has acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We [have] entered into certain transactions which will constitute non-exempt continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the **[REDACTED]**. We have applied to the Stock Exchange for[, and the Stock Exchange has granted us,] a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, see "Connected Transactions — Application for and Conditions for Waiver."

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Sun Zhongliang (孫中亮)	Room 1401, Unit 4, Building 36 No. 8 Fucheng Road Haidian District Beijing PRC	Chinese
Mr. Lu Wei (鹿偉)	1B5C, Shoudi Rongyu Xiangshan West Street Nanshan District, Shenzhen Guangdong Province PRC	Chinese
Non-Executive Directors		
Mr. Li Qian (李黔)	Unit 17B, Building B3 Cuihai Garden No.2 Zetian Road Futian District, Shenzhen Guangdong Province PRC	Chinese
Mr. Duan Xiaojian (段小檢)	Room 2805, Building E, Shanggeliyuan Qiao Xiang 4th Road Futian District, Shenzhen Guangdong Province PRC	Chinese
Ms. Lin Ying (林穎)	Unit 28B, Unit 2, Building 2 Runfu (Phase IV), China Resources City Nanshan District, Shenzhen Guangdong Province PRC	Chinese

Name	Address	Nationality
Ms. Guo Jinxiang (郭金香)	Room 1103, Unit 3 10th Floor, Building 2 Yard No. 9, Peixin Street Dongcheng District Beijing PRC	Chinese

Independent Non-Executive Directors

Ms. Wang Changying (王長英)	Room 401, Unit 5, Building 309 Shangjing New Line Chaoyang District Beijing PRC	Chinese
Mr. Ho Hung Tim Chester (何鴻添)	Flat E, 48/F Tower 5, Sorrento 1 Austin Road, Jordan Hong Kong	Chinese
Ms. Shen Chen (沈塵)	Flat A, 21/F, Block 10 Mantin Heights 28 Sheung Shing Street Ho Man Tin, Kowloon Hong Kong	Chinese

Further information about our Directors and other senior management members is set out in "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CMB International Capital Limited** 45th Floor Champion Tower 3 Garden Road Central Hong Kong
	Ping An of China Capital (Hong Kong) Company Limited Units 3601, 07 & 11–13, 36/F The Center 99 Queen's Road Central Hong Kong

[REDACTED]

Legal Advisors to our Company

As to Hong Kong laws:

Han Kun Law Offices LLP
Rooms 4301–10
43/F., Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Hong Kong laws with respect to the operations of certain subsidiaries in Hong Kong:

ONC Lawyers
19th Floor
Three Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC laws:

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1. OVERVIEW OF THE GLOBAL GNSS SPATIAL POSITIONING SERVICE INDUSTRY

Definition of GNSS

GNSS are navigation satellite systems capable of providing global coverage and consist of three segments: the space segment (navigation satellite constellation), ground segment (system operation management facilities), and user segment (receiver equipment), which deliver global positioning, navigation, and timing services.

There are four operational GNSS worldwide: China's BeiDou navigation satellite system (BDS), the United States' GPS, Russia's GLONASS, and the European Union's Galileo.

Comparison Analysis of Four Global GNSS

Name	BeiDou navigation satellite system (BDS)	GPS	GLONASS	Galileo
Country	China	United States	Russia	European Union
Logo				
First launch year	2000	1978	1982	2005
Orbit type	MEO+GEO+IGSO	MEO	MEO	MEO
Number of satellites	60 (36 MEO+12 GEO+12 IGSO)	24	24	30 (24 operational+6 spares)
Positioning accuracy	0.5~10m	0.1~10m	1.5~10m	~1m
Timing accuracy	20ns	30ns	50 ns	30ns
Velocity accuracy	0.2m/s	0.1m/s	0.2m/s	0.2m/s
Main functions	Positioning, navigation, timing, short message communication, international search and rescue, precise point positioning, etc.	Positioning, navigation, timing, international search and rescue, etc.	Positioning, navigation, timing, international search and rescue, etc.	Positioning, navigation, timing, international search and rescue, etc.

Source: CIC

Compared to other global navigation satellite systems, the BeiDou navigation satellite system holds three key advantages:

- **Anti-shielding capability and superior low-latitude performance.** The space segment of the BeiDou navigation satellite system is a hybrid constellation consisting of satellites in different orbits (MEO, GEO, and ISGO). In comparison to other navigation satellite systems, the BeiDou navigation satellite system operates more satellites in high orbits with better anti-shielding capabilities. The system supports a modernized triple-frequency signal system (B1/B2/B3), which improves ionospheric error estimation and reduces multipath errors. Additionally, the BeiDou navigation satellite system exhibits strong compatibility with other major GNSS. Combining BeiDou with a GNSS such as GPS, GLONASS, or Galileo results in the total number of operational navigation satellites exceeding 100. This coverage significantly increases visible satellite availability in obstructed environments and improves the satellite's stability and high-precision positioning.

- **Comparable positioning accuracy to GPS, and leads in timing precision.** BeiDou exhibits positioning accuracy comparable to GPS and surpasses GLONASS and Galileo. Additionally, the BDS-3 employs a hybrid timing approach combining rubidium atomic clocks and domestically developed hydrogen atomic clocks, with timing errors of under 20 nanoseconds. This configuration ensures superior stability and precision in time measurement.

- **Unique two-way short message communication capability.** Leveraging a dual-mode architecture that integrates Radio Navigation Satellite Service (RNSS) and Radio Determination Satellite Service (RDSS) from its initial design phase, the BeiDou navigation satellite system enables bidirectional communication between positioning terminals and BeiDou satellites or ground stations via satellite signals. Beyond navigation, positioning, or timing functions similar to GPS, the BeiDou navigation satellite system provides RDSS-based two-way short message services. This unique function makes the BeiDou navigation satellite system the world's first integrated satellite navigation and communication system, combining navigation, positioning, timing, and messaging capabilities. This wide functionality broadens the BeiDou navigation satellite system's application scope, granting it significant advantages in fields such as future transportation, precision surveying and mapping, and meteorological monitoring.

Definition and categorization of GNSS spatial positioning services

GNSS spatial positioning services refer to positioning, navigation, and timing services using global satellite navigation systems. These services center around GNSS chips and modules, extending to GNSS devices and solutions.

Categorization	Description
GNSS chips	• A GNSS chip is an integrated circuit that combines the receiving and processing functions necessary for GNSS operations. It enables navigation and positioning by receiving signals transmitted from satellites.
GNSS modules	• A GNSS module is an electronic component that integrates a GNSS chip, peripheral circuitry, and the corresponding embedded control software.
GNSS devices and solutions	• GNSS devices encompass a wide range of products that integrate GNSS chips and modules, directly providing users with location information and navigation guidance. GNSS solutions are customized to meet the specific needs of different industries and application scenarios, offering a variety of services, including hardware devices, software development, data services, and system integration.

Source: *CIC*

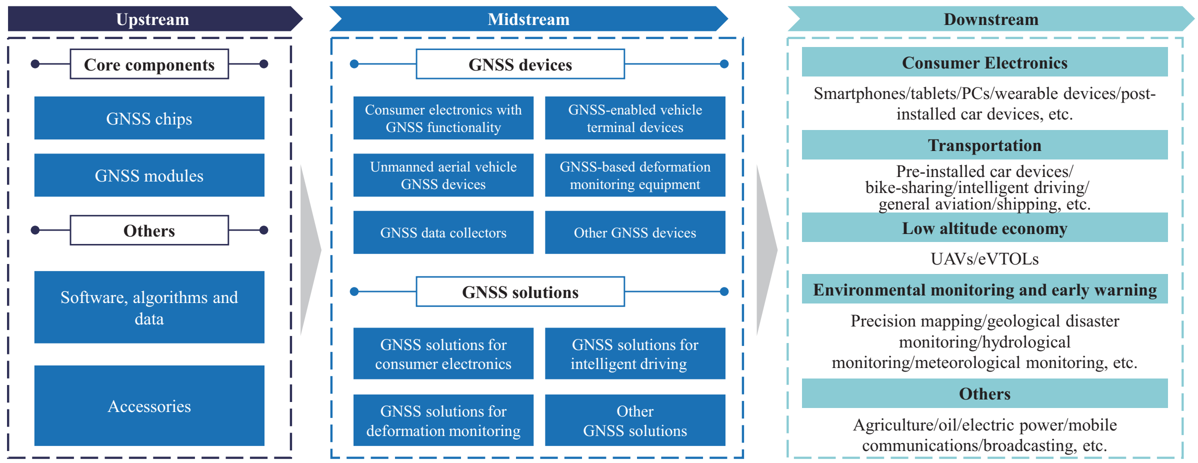
Value chain of global GNSS spatial positioning services

The upstream of the global GNSS spatial positioning services comprise core components such as GNSS chips and modules. In addition, it also relies on the coordinated support of software, algorithms, data and accessories. The design capabilities of GNSS chips affect chip performance, sensitivity, power consumption, size, and cost, directly impacting the competitive edge of GNSS device products.

The midstream consists of various GNSS devices and solutions, which serve as carriers for realizing GNSS spatial positioning services. GNSS devices include consumer electronics with GNSS functionality, GNSS-enabled vehicle terminal devices, unmanned aerial vehicle GNSS devices, GNSS-based deformation monitoring equipment, GNSS data collectors and other GNSS devices.

The downstream involves consumer electronics, transportation, low-altitude economy, environmental monitoring and early warning and others. With the rapid development of IoT technology in consumer electronics, intelligent driving, and unmanned aerial vehicles, the application scope of GNSS spatial positioning services is increasingly extensive, playing a pivotal role in an interconnected world.

Value Chain of Global GNSS Spatial Positioning Services



Source: CIC

Business model for global GNSS spatial positioning services

Global GNSS spatial positioning service providers are categorized into two types. The first category consists of enterprises from the traditional wireless communication technology sector, which possess substantial technical expertise and have expanded the breadth and depth of their technology applications through the integration of GNSS services. The second category includes dedicated companies in the development and commercialization of GNSS satellite navigation and positioning technology, with strong innovation capabilities and a diverse range of navigation and positioning products and services.

GNSS spatial positioning service providers typically adopt a hybrid sales model that combines direct sales and distribution. Under the direct sales model, service providers establish direct contact with downstream customers, which offers distinct advantages in terms of product pricing, precision in demand matching, supply chain stability, and response speed. In the distribution model, GNSS spatial positioning service providers can leverage the channels and customer resources of distributors and dealers, enhancing sales efficiency, reducing inventory pressure, and consequently lowering capital costs.

Key technologies of the global GNSS spatial positioning services industry

The key technologies in the global GNSS spatial positioning service industry include RF, baseband, low-power, SoC integration, high-precision positioning algorithms, inertial navigation, anti-interference, and secure location information encryption. The R&D for these technologies requires sizable financial investment, specialized personnel, and a long-term accumulation of technical expertise.

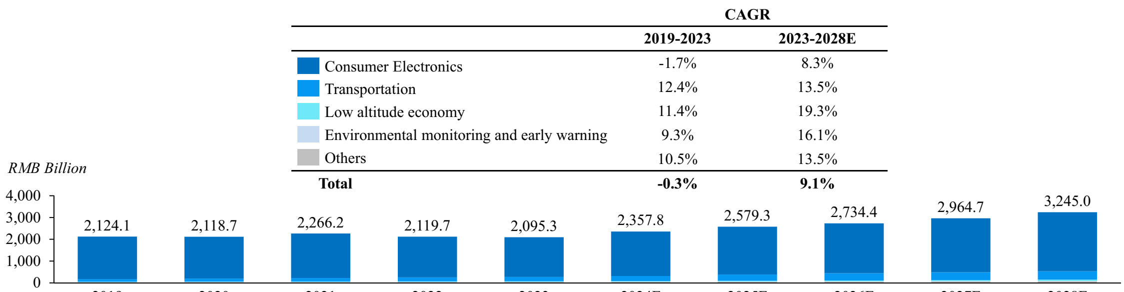
Category	Key Technology	Analysis
Design technology	RF technology	• RF units are responsible for receiving the waveform signals emitted by satellites and amplifying them into digital signals. RF technology encompasses signal amplification, frequency conversion, filtering, analog-to-digital conversion, gain control, and multi-mode, multi-frequency signal processing. Its primary objective is to enhance the reception quality and processing accuracy of signals, achieving higher positioning accuracy and operational stability.
	Baseband technology	• Baseband units are the core components of navigation receivers. Their main functions include capturing, tracking, and demodulating data from specified satellite signals, as well as providing information such as pseudo-range and carrier phase of the satellite signals. Development of this technology focuses on performance, low power consumption, integration, and compatibility.
	Low power technology	• Low power consumption technology pertains to RF and baseband circuits. It includes multi-power domain design, DC-DC power supply SoC (System on Chip) integration, and designs aimed at achieving extremely low standby power consumption, along with advanced algorithm designs. This technology can significantly reduce chip power consumption, maximizing the standby and operational time of chip-level terminals.
	SoC integration technology	• SoC integration technology combines multiple functional modules into a single chip, resulting in a smaller size, lower power consumption, and higher performance. By integrating RF and baseband designs into a SoC, chip resource reuse is achieved, allowing parallel processing of different satellite systems by a universal hardware engine. This approach greatly conserves chip resources and reduces design and production costs.
Positioning technology	High-precision positioning algorithms	• High-precision positioning algorithms, such as real-time kinematic differential (RTK) technology and precise point positioning (PPP) technology, rely on pseudo-range and carrier phase corrections. Relevant technologies are undergoing continuous iterative upgrades. Meanwhile, the integration of PPP with RTK for high-precision positioning is emerging as the development trend for future high-precision positioning technologies. These algorithms must facilitate multi-system, multi-frequency joint positioning while optimizing cost and operating within the constraints of limited chip memory capacity and processor working frequency.
	Inertial navigation technology	• Inertial navigation technology uses gyroscopes and accelerometers to measure the angular velocity and linear acceleration of a carrier's motion. This data is processed in real-time to calculate the carrier's three-dimensional attitude, speed, and position. By embedding integrated inertial navigation deep coupling combination filters, multi-source sensor tracking loops, and various algorithms for anti-multipath and carrier hop detection, the overall performance of combined positioning can be improved.
	Anti-interference technology	• Satellite signals are weak when they reach the ground and are susceptible to interference. To mitigate this interference and enhance positioning accuracy, chips must employ multiple techniques, including multi-dimensional matrix operations, frequency domain interference detection, multi-channel adaptive digital notch filters, memory optimization, differential derivation, ionospheric processing, and dynamic filtering.
Security technology	Secure location information encryption technology	• Chips must incorporate built-in hardware encryption units to secure transmitted data, ensuring confidentiality and reducing the risks of location information being stolen or tampered with during transmission. This provides a fundamental layer of security for industry applications that rely on location data.

Source: CIC

Market size of global GNSS spatial positioning services

With the rapid evolution of mobile Internet and IoT, the global GNSS spatial positioning service market continues to grow. In 2023, the global GNSS spatial positioning service market size was RMB2,095.3 billion. The ceaseless progress of artificial intelligence technology in consumer devices will usher in a new wave of replacement. At the same time, automotive intelligence and the low-altitude economy continue to develop quickly, providing growth impetus for the market demand for GNSS spatial positioning services. The market size of global GNSS spatial positioning services is expected to reach RMB3,245.0 billion by 2028, with a CAGR of 9.1% from 2023 to 2028.

Sales Value of Global GNSS Spatial Positioning Services, by Application Area, 2019–2028E



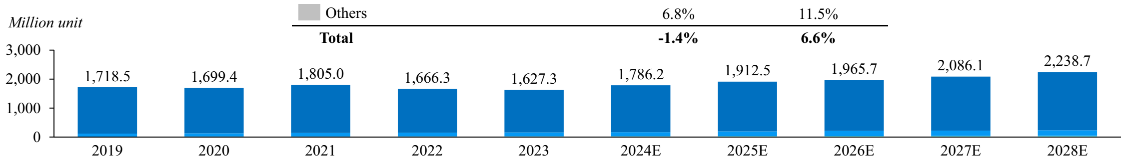
	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Consumer Electronics	1,949.4	1,919.7	2,043.4	1,867.8	1,820.9	2,040.6	2,196.9	2,288.9	2,476.3	2,714.2
Transportation	127.7	145.2	165.3	187.0	203.9	235.7	289.1	337.9	363.5	383.3
Low altitude economy	16.2	18.1	20.2	22.4	24.9	28.7	33.5	39.9	48.2	60.4
Environmental monitoring and early warning	3.5	3.4	4.0	4.4	4.9	6.7	7.5	8.4	9.3	10.4
Others	27.3	32.3	33.4	38.1	40.7	46.1	52.3	59.4	67.5	76.8
Total	**2,124.1**	**2,118.7**	**2,266.2**	**2,119.7**	**2,095.3**	**2,357.8**	**2,579.3**	**2,734.4**	**2,964.7**	**3,245.0**

Source: EUSPA, GNSS & LBS Association of China, CIC

Consumer electronics are the largest downstream applications of GNSS chips and modules. However, the pandemic weakened global consumer demand for consumer electronics. A decline in shipments of consumer electronics (mainly smartphones) led to decreased shipment volumes of global GNSS chips and modules of 1,627.3 million units in 2023. With the iterative upgrades of electronic products through artificial intelligence, the demand for products such as smartphones and wearable devices is expected to recover in the next five years. At the same time, the popularization of intelligent vehicles and drones causes the penetration rate of GNSS applications in environmental monitoring and early warning to increase. The demand for GNSS equipment in other application fields, such as agriculture and power, is also rising steadily. By 2028, the shipment volume of global GNSS chips and modules is projected to increase to 2,238.7 million units, with a CAGR of 6.6% from 2023 to 2028.

Shipment Volume of Global GNSS Chips and Modules, by Application Area, 2019–2028E

	CAGR 2019-2023	CAGR 2023-2028E
Consumer Electronics	-2.1%	6.4%
Transportation	7.6%	7.0%
Low altitude economy	10.9%	13.5%
Environmental monitoring and early warning	5.6%	14.0%
Others	6.8%	11.5%
Total	**-1.4%**	**6.6%**



	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Consumer Electronics	1,600.9	1,570.9	1,664.9	1,514.1	1,467.7	1,619.7	1,715.4	1,756.1	1,864.9	2,004.0
Transportation	101.1	110.2	120.1	130.1	135.6	140.0	167.6	176.3	183.2	190.2
Low altitude economy	12.1	13.5	15.0	16.6	18.4	20.1	22.3	25.2	29.2	34.6
Environmental monitoring and early warning	0.4	0.4	0.4	0.5	0.5	0.7	0.7	0.8	0.9	1.0
Others	4.0	4.5	4.5	5.0	5.2	5.8	6.4	7.2	8.0	8.9
Total	**1,718.5**	**1,699.4**	**1,805.0**	**1,666.3**	**1,627.3**	**1,786.2**	**1,912.5**	**1,965.7**	**2,086.1**	**2,238.7**

Source: EUSPA, GNSS & LBS Association of China, CIC

2. OVERVIEW OF THE CHINA'S BEIDOU SPATIAL POSITIONING SERVICE INDUSTRY

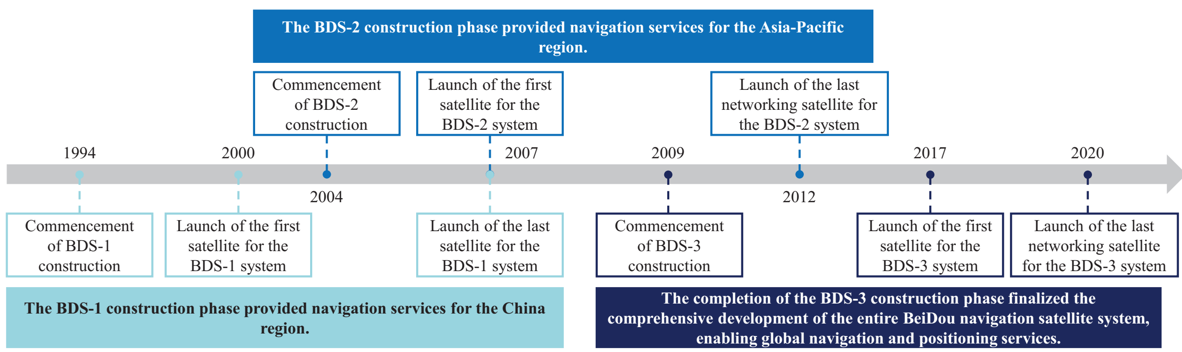
Definition and importance of BeiDou navigation satellite system

The BeiDou navigation satellite system (BDS) is an independently developed GNSS by China. It represents the world's third operational navigation satellite system after the United States GPS and Russia's GLONASS.

To address national economic development and safeguard national security, China began exploring a path suitable for developing a navigation satellite system in the late 20th century and established a "Three-Step Strategy of Development." The first step was to construct the BDS-1, which provided users in China with positioning, timing, wide-area differential, and short message communication services. The second step was to build the BDS-2, giving users in the Asia-Pacific region positioning, velocity measurement, timing, wide-area differential, and short message communication services. The third step is to design the BDS-3, completing the constellation deployment by launching 35 satellites by 2020 to provide services to global users.

In 2022, the State Council Information Office of China released the white paper "BeiDou in the New Era," outlining the system's development blueprint before 2035 for the first time. China aims to construct an advanced, higher-quality new generation of BeiDou navigation satellite system as part of a more ubiquitous, integrated, and intelligent national comprehensive positioning, navigation, and timing (PNT) system by 2035.

Development History of the BeiDou Navigation Satellite System



Source: CIC

The BeiDou navigation satellite system is not only an essential component of China's strategic infrastructure but also expands its applications into civilian life. Since its inception, the system has been widely used in transportation, agriculture, forestry, fishing, surveying and mapping, meteorological observation, rescue operations, communication timing, public security, and other areas, creating significant economic and social benefits.

Currently, the BeiDou navigation satellite system has launched 60 satellites, each capable of complementing other navigation satellite systems, such as GPS, to provide global users with all-weather, permanent, high-precision positioning. The system is operational in over 100 countries and regions worldwide, and it has in-depth applications in countries along the "Belt and Road," such as Pakistan, Laos, Myanmar, and Thailand.

China will continue to advance BeiDou's technological and functional upgrades in its industrial use through greater contributions to global science, technology, economic, and social development, thereby further enhancing the system's global strategic status.

Definition of BeiDou spatial positioning services

BeiDou spatial positioning services include positioning, navigation, timing, and short message communication services provided by the BeiDou navigation satellite system. These services include BeiDou chips and modules that support the BeiDou navigation satellite system, as well as BeiDou devices and solutions.

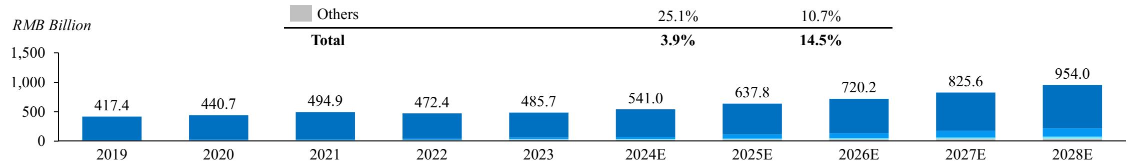
Market size of China's BeiDou spatial positioning services

With the development of mobile Internet, intelligent cars, intelligent driving and shared mobility, as well as the active promotion of the BeiDou industry by the Chinese government, the market size of China's BeiDou spatial positioning service market expanded from RMB417.4 billion to RMB485.7 billion during 2019 to 2023, with a CAGR of 3.9%.

As the BeiDou industry gradually integrates into the digital economy, its application in intelligent transportation, the low-altitude economy, agriculture, and water conservation will provide a broad market for BeiDou products, effectively promoting the growth of China's BeiDou spatial positioning service market. It is expected that by 2028, China's BeiDou spatial positioning service market will reach RMB954.0 billion, with a CAGR of 14.5% from 2023 to 2028.

Sales Value of China's BeiDou Spatial Positioning Services, by Application Area, 2019–2028E

	CAGR 2019-2023	CAGR 2023-2028E
Consumer Electronics	1.8%	11.6%
Transportation	37.6%	39.4%
Low altitude economy	26.6%	32.0%
Environmental monitoring and early warning	13.8%	17.2%
Others	25.1%	10.7%
Total	**3.9%**	**14.5%**



	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Consumer Electronics	395.7	413.2	460.2	431.2	424.4	468.6	519.8	581.3	650.1	733.3
Transportation	7.7	11.1	15.6	17.1	27.5	35.7	74.4	87.0	113.2	144.6
Low altitude economy	3.1	3.9	5.0	6.3	7.9	10.1	13.0	17.1	23.0	31.9
Environmental monitoring and early warning	1.3	1.4	1.7	1.9	2.2	3.1	3.5	3.9	4.4	5.0
Others	9.6	11.1	12.5	15.9	23.5	23.6	27.1	30.8	34.8	39.2
Total	**417.4**	**440.7**	**494.9**	**472.4**	**485.7**	**541.0**	**637.8**	**720.2**	**825.6**	**954.0**

Source: GNSS & LBS Association of China, CIC

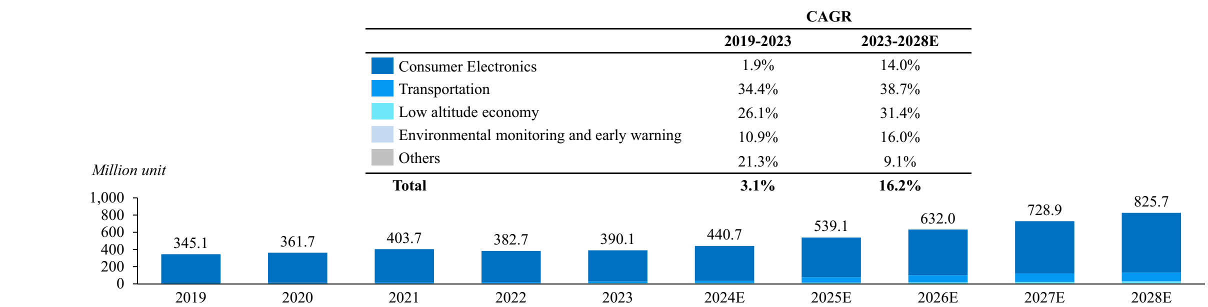
From 2019 to 2023, the shipment volume of China's BeiDou chips and modules rose from 345.1 million units to 390.1 million units, with a CAGR of 3.1%. BeiDou's penetration rate in the downstream is increasing, and emerging application fields are expanding. At the same time, China is accelerating the replacement of existing GNSS applications with the BeiDou navigation satellite system applications. It is expected that the shipment volume of BeiDou chips and modules will reach 825.7 million units by 2028, reflecting a CAGR of 16.2% from 2023 to 2028.

Driven by the massive demand in the market, the strong foundation of Chinese manufacturing industry, and BeiDou's deep-rooted foundation in the sector, the consumer electronics and transportation fields have become the primary scenario for BeiDou's large-scale applications. Recovering demand for smartphones and wearable devices and a further increase in the penetration rate of BeiDou applications means that by 2028, the shipment volume of China's BeiDou chips and modules in the consumer electronics field is projected to reach 692.7 million units, with a CAGR of 14.0% from 2023 to 2028. In the transportation sector, BeiDou navigation and positioning functions in bike-sharing, electric bicycles complying with the new national standard and ministry-specified machine are expected to rapidly increase the shipment volume of BeiDou chips and modules in this field. The shipment volume of China's BeiDou chips and modules in the transportation sector is projected to reach 103.6 million units in 2028, reflecting a CAGR of 38.7% from 2023 to 2028.

In the low-altitude economy sector, as a thriving strategic emerging industry, it places higher demands on high-precision time-space information services. The BeiDou navigation satellite system is driving the integrated application of "air-space-ground" systems, providing precise navigation and positioning services for terminal devices such as drones. This drives the deep integration of the BeiDou system into the entire industrial chain of the low-altitude economy, opening up new application directions and expanding industrial growth space. By 2028, the shipment volume of China's BeiDou chips and modules in the low-altitude economy sector is estimated to reach 23.7 million units, with a CAGR of 31.4% from 2023 to 2028.

In environmental monitoring and early warning, the penetration rate of BeiDou applications is continuously rising due to investment in infrastructure construction and the advancement of regional, multi-dimensional, and dynamic requirements for information and data. It is expected that from 2023 to 2028, the shipment volume of BeiDou chips and modules in China's environmental monitoring and early warning sector will grow at a CAGR of 16.0%.

Shipment Volume of China's BeiDou Chips and Modules, by Application Area, 2019–2028E



	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Consumer Electronics	334.8	348.2	386.0	362.2	360.3	406.1	461.5	530.4	608.1	692.7
Transportation	6.2	8.5	11.8	13.1	20.2	23.3	63.6	84.0	98.4	103.6
Low altitude economy	2.4	3.0	3.8	4.8	6.1	7.7	9.9	12.9	17.3	23.7
Environmental monitoring and early warning	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.5	0.5
Others	1.5	1.7	1.9	2.3	3.3	3.3	3.8	4.2	4.7	5.2
Total	**345.1**	**361.7**	**403.7**	**382.7**	**390.1**	**440.7**	**539.1**	**632.0**	**728.9**	**825.7**

Source: GNSS & LBS Association of China, CIC

Market drivers of China's BeiDou spatial positioning services

- **Consumer electronics and transportation fields will continue to drive the scaled adoption of BeiDou.** Consumer electronics and transportation fields will emerge as the primary battleground for BeiDou's large-scale deployment, accelerating the technology's evolution from an industry standard to a public necessity. In the smartphone sector, BeiDou's short-message communication capability, enabled by RF-baseband integrated chips, delivers offline connectivity without requiring SIM or number changes, while integration with 5G+AI technologies enhances features like lane-level navigation and automated emergency alerts. In the smart wearable devices sector, BeiDou improves multimodal behavioral sensing, enabling precise tracking and activity logging for vulnerable groups with real-time safety monitoring. Transportation sector continues to benefit from policy tailwinds, with penetration rising in emerging fields. According to the "Plan of Action to Launch a Large-scale Renewal of Transportation Equipment" (《交通運輸大規模設備更新行動方案》) issued by 13 ministries including the Ministry of Transport in May 2024, the "long-distance buses, tourist coaches, hazardous goods trucks, and heavy-duty trucks (兩客一危一重)" vehicle industry will become a key sector for promoting advanced equipment and Beidou terminal applications. By 2025, China's ministry-specified machines for the "long-distance buses, tourist coaches, hazardous goods trucks, and heavy-duty trucks" are expected to be fully upgraded. Under the "Technical Specifications for Electric Bicycle Safety (GB17761-2024)" (《電動自行車安全技術規範(GB17761-2024)》), all electric bicycles complying with the new national standard must integrate BeiDou's standalone positioning modules since

September 1, 2025. For the low-altitude economy, the GNSS & LBS Association of China designated BeiDou in 2025 as core spatiotemporal infrastructure for low-altitude economy, advancing UAV/eVTOL air-ground coordination. This mandates BeiDou high-precision navigation and positioning networks synergized with 5G/AI to establish a three-dimensional navigation network to support large-scale applications of UAV logistics and urban low-altitude transportation. BeiDou's applications are also expanding from precision surveying to geological disaster monitoring and hydrology monitoring, with steady penetration growth.

- **Advancements in chip technology have accelerated the pace of domestic substitution.** Domestic BeiDou chips feature integrated SoC design that incorporates radio frequency, baseband, memory, and power management. This functionality has reduced the chip size and enhanced cost advantages. With strong policy support, core technologies in the upstream are maturing, and the industrial chain structure is becoming increasingly robust. Domestic market players are seizing market opportunities to develop high-performance BeiDou chips that are multi-frequency, multi-system, miniaturized, and highly integrated. They are also actively expanding production capacity to accelerate the replacement of imported GNSS chips.

- **Favorable policies have driven the large-scale application of BeiDou.** The Chinese government has successively introduced a series of policies to promote BeiDou and accelerate the domestic substitution of GNSS chips. In April 2020, the Ministry of Transport issued the "*Opinions on Fully Exerting the Role of the National Public Supervision and Service Platform for Road Freight Vehicles to Support High-Quality Development of the Industry*" (《關於充分發揮全國道路貨運車輛公共監管與服務平台作用支撐行業高品質發展的意見》), which advocated for upgrading BeiDou vehicle-mounted terminal equipment and developing BeiDou-3 system vehicle-mounted terminals. In December 2024, the State Administration for Market Regulation issued the "*Safety Technical Specifications for Electric Bicycles (GB17761-2024)*" (《電動自行車安全技術規範(GB17761-2024)》). This policy states that from September 1, 2025, electric bicycles used in urban logistics, commercial leasing, and other business activities should be equipped with BeiDou modules with independent BeiDou positioning capabilities. For other types of electric bicycles, the installation of BeiDou modules should be prioritized.

Market trends in China's BeiDou spatial positioning services

- **Wide application of multi-frequency multi-system technology.** The use of BeiDou navigation satellite system is gradually moving towards high-precision and high-reliability fields. To enhance the performance of single-system satellite positioning, GNSS chip manufacturers have invested in developing dual-system or multi-system joint positioning chips and modules. By leveraging signals from multiple satellite systems for calculation to jointly participate in positioning, these solutions improve positioning accuracy, reliability, and user experience. Meanwhile, with the development of chip-level dual-frequency/multi-frequency combined positioning technology, a single chip can simultaneously receive and process signals from multiple frequency points, further enhancing positioning accuracy and reliability. Therefore, the integrated application of multi-frequency and multi-system technologies has significantly improved navigation and positioning performance as well as user experience.

- **Enhanced support for BDS-3 signals.** Currently, the navigation and positioning chips used in various industries suffer from insufficient support and inadequate multipath interference resistance for the latest BDS-3 signals. The single-frequency, single-point positioning accuracy, first cold boot time, and power consumption levels still require improvement. With BDS-3 adding higher-performance interoperable signals and upgrading its global system signals, domestic BeiDou chips will leverage the advantages of BDS-3 signals to enhance the cost-effectiveness of various devices and products based on domestic BeiDou chips.

- **Expansion of application files for short message services.** The short message service (SMS) of the BeiDou navigation satellite system is a unique feature. BeiDou SMS chips integrate the short message communication function of the BDS, providing positioning services and two-way communication in areas lacking mobile communication network coverage. In January 2022, the Ministry of Industry and Information Technology issued the "*Several Opinions on the Popularization and Application of BeiDou in the Mass Consumption Field*" (《工業和信息化部關於大眾消費領域北斗推廣應用的若干意見》), focusing on breakthroughs in the integrated application of short messages in the mass consumption field. The first smartphone equipped with a BeiDou SMS chip launched in 2022, with the first smartwatch supporting this function hitting the market the following year. At the 2025 Xiongan BeiDou Ecosystem Cooperation Conference (2025年雄安北斗生態合作大會), China Time and Space (中國時空) proposed promoting the market for short message services through its "Industrial Cooperation – Core of Time-Space Action Plan (產業合作–時空之芯行動計劃)." The core policies include jointly developing low-cost consumer-grade chips with chip manufacturers, launching BeiDou short message services that allow users to "retain their SIM cards and numbers" in collaboration with the three major telecom operators, and mandating that domestic navigation products be compatible with BeiDou signals to restructure market rules. Additionally, due to their reliability for emergency communication during natural disasters and their usefulness in remote area exploration where ground networks are unavailable, devices with SMS functionality have become increasingly important. Growing public awareness of safety has led to their application across various industries, including transportation, long-distance communication, landslide monitoring, and emergency rescue.

- **The strategic status of BeiDou continues to rise, with further clarification of requirements at the national legislative level.** The significance of the BeiDou navigation satellite system has been enhanced by its extensive use in new infrastructure construction, spatiotemporal big data, and smart cities. It not only provides precise positioning and timing information for China's digital economy but also drives the digital transformation of many industries, including intelligent transportation, disaster early warning, and precision agriculture, through integration with new technologies such as artificial intelligence, 5G, and the IoT. With strong support from government policies, the BeiDou navigation satellite system is becoming a vital force in promoting China's digital economy and international cooperation. For example, in May 2024, the General Office of the State Council issued the "2024 Legislative Work Plan of the State Council" (《國務院2024年度立法工作計劃》), designating the "Regulations on Satellite Navigation of the People's Republic of China" (《中華人民共和國衛星導航條例》) as a project pending formulation. The regulations will standardize activities related to China's satellite navigation sector, establish the legal status of the BeiDou system as a national space information infrastructure, and promote the application and industrial development of BeiDou. In November 2024, the symposium commemorating the 30th anniversary of the BeiDou Navigation Satellite System project released the "BeiDou Navigation Satellite System Development Plan for the Period up to 2035" (《北斗衛星導航系統2035年前發展規劃》), specifying that China will build a next-generation BeiDou system with more advanced technology, more powerful functions, and higher-quality services.

3. OVERVIEW OF CHINA'S INTEGRATED CIRCUIT INDUSTRY

Definition of integrated circuits

Integrated circuits are high-tech products that combine electronic components such as transistors, resistors, and capacitors onto a single chip through semiconductor manufacturing processes to achieve specific electronic functions. Their core characteristics include high integration density, high performance, low power consumption, and miniaturization. These features significantly enhance the functional density and reliability of electronic systems while reducing production costs. Integrated circuits are commonplace in computers, communications, consumer electronics, automotive electronics, and industrial control, and they serve as fundamental support for the development of information technology and modern industries.

Definition and market size of communication chips

Communication chips refer to integrated circuits that implement communication functions. They are responsible for processing data, enabling signal transmission, improving network connections, and providing support for various communication protocols.

From 2019 to 2023, the market size of China's communication chip industry rose from RMB112.8 billion to RMB175.3 billion. The application of new materials, AI and machine learning technologies, and the upgrade of process technologies will undoubtedly boost chip performance, reduce costs, and accelerate product development. In fields such as 5G, the Internet of Things, and intelligent driving, the application scenarios for communication chips will become even broader, and market demand will continue to grow. It is expected that from 2023 to 2028, the market size of China's communication chip industry will reach RMB259.8 billion, with a CAGR of 8.2%.

Definition and market size of memory chips

Memory chips, or semiconductor memories, are storage devices that use semiconductor circuits as the storage medium and are used to store binary data. They represent the specific application of the concept of embedded system chips in the storage industry. By embedding software into a single chip, they achieve multifunctionality and high performance, as well as support for various protocols, different hardware, and diverse applications.

As technologies like artificial intelligence, the Internet of Things, and cloud computing continue to empower China's emerging industries, the demand for storage capacity in terminal devices such as smartphones, PCs, intelligent vehicles, and servers is constantly increasing. In 2023, the market size of China's memory chips reached RMB237.9 billion. In the future, as the application scenarios for memory chips continue to expand and the demand for data storage in various devices increases, the downstream market will consistently impose new requirements regarding the capacity, stability, speed, and lifespan of memory chips. It is projected that by 2028, the market size of China's memory chips will reach RMB427.4 billion, with a CAGR of 12.4% from 2023 to 2028.

Definition and market size of RF (radio frequency) chips

Radio frequency (RF) chips are integrated circuits designed to handle RF signals and are key components in wireless communication systems. They are responsible for core functions such as the reception, amplification, filtering, modulation, demodulation, mixing, and frequency synthesis of RF signals, ensuring that wireless devices can transmit and receive data.

The development of China's RF chip industry shows a positive trend, with market demand continuously driven by 5G and emerging technologies. In 2023, the market size of China's RF chip industry reached RMB22.1 billion. In the future, the development of RF chip-related technologies will lean towards higher integration, lower power consumption, and smaller sizes. Domestic enterprises will benefit from increased development opportunities due to national support and the collaborative effects of the industrial chain. By 2028, the market is expected to reach RMB44.0 billion, with a CAGR of 14.8% from 2023 to 2028.

4. COMPETITION OVERVIEW OF THE GLOBAL AND CHINA'S GNSS SPATIAL POSITIONING SERVICES INDUSTRY

Competitive landscape of global GNSS spatial positioning service providers

The global GNSS spatial positioning service industry exhibits a relatively high level of concentration. Based on the shipment volume of GNSS chips and modules, the top ten market players accounted for approximately 81.1% of the market share in 2024.

Currently, the leading companies in the global GNSS spatial positioning service industry are located in the United States and Europe. These players have secured a significant market share due to their technological advantages and mature value chains.

Chinese players, leveraging their rapid response to market dynamics and customer needs, efficient product iteration, and excellent cost control, have shown strong momentum for growth. With the vigorous rise of the BeiDou navigation satellite system and the catalyst of domestic substitution policies, Chinese players have made significant breakthroughs in core-satellite navigation positioning technologies. As the industry chain construction matures, the market share of Chinese players is expected to increase.

Ranking of global GNSS spatial positioning services providers

In 2024, our Company was the sixth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of GNSS chips and modules, with a global market share of 4.8%.

Ranking of Top Ten Global GNSS Spatial Positioning Services Providers[(1)], in terms of Shipment Volume of GNSS Chips and Modules, 2024

Rank	Company	Overview	Country/region	Listing status	Shipment volume of GNSS chips and modules[(2)] (million)	Market share (%)
1	Company A	• Established in 1997, this company provides positioning solutions and technologies for cellular and short-range communication, serving the automotive, industrial, and consumer markets.	Switzerland	Listed on the Swiss Stock Exchange	60.0	17.8
2	Company B	• Founded in 1985, its primary business focuses on the research, development, and sale of integrated circuit products and system software based on cellular communication, connectivity, multimedia technology, and patent licensing services.	United States of America	Listed on the NASDAQ Stock Exchange	54.0	16.0
3	Company C	• Established in 1997, this company specializes in system-on-chip solutions for wireless communication, smart TVs, the Internet of Things, and automotive electronics.	Taiwan, China	Listed on the Taiwan Stock Exchange	48.0	14.2
4	Company D	• Founded in 1991, its main business involves the design, development, and application of semiconductors, enterprise software, and security solutions.	United States of America	Listed on the NASDAQ Stock Exchange	30.0	8.9
5	Company E	• Established in 2004, the company designs core chips for satellite navigation, motor drive chips, and RF components.	China	Not Listed	25.0	7.4
6	**Our Company**	**• Founded in 2016, this company offers a wide range of products and solutions throughout the satellite navigation and positioning industry value chain, with a strategic focus on the design and sale of GNSS chips, modules, and solutions.**	**China**	**Not Listed**	**16.1**	**4.8**
7	Company F	• Established in 2000, its main business involves the research, development, production, and sale of GNSS chips and related products and services, 5G ceramic components, and intelligent connected vehicle solutions.	China	Listed on the Shenzhen Stock Exchange	14.0	4.2
8	Company G	• Founded in 2008, it engages in the design and development of GNSS chips for time and space information.	China	Not Listed	12.0	3.6
9	Company H	• Established in 1987, it focuses on manufacturing microcontrollers (MCUs), analog ICs, power semiconductors, sensors, and application-specific integrated circuits (ASICs).	Switzerland	Listed on the Milan Stock Exchange	8.0	2.4
10	Company I	• Established in 2008, it specializes in the design of semiconductor chips for storage controllers, video surveillance, digital TV, edge AI, and information security applications.	China	Listed on the Shenzhen Stock Exchange	6.0	1.8
	Sub-total				**273.1**	**81.1**
	Total				**343.0**	**100.0**

Source: Annual Reports, CIC

Notes:

(1) According to CIC, it is a common practice in the GNSS space positioning services industry to evaluate, compare, and rank market positions of GNSS space positioning service providers based on product shipment volumes. GNSS chips and modules are essential components of GNSS spatial positioning services; therefore, using the shipment volume of these chips and modules as a statistical criterion provides a more direct reflection of the market share and competitiveness of enterprises within this market.

(2) The statistical criterion is based on the global market shipment volume of chips and modules that are independently developed, produced, and sold by GNSS spatial positioning service providers. It excludes smartphone and tablet system-on-chip (SoC) chips that integrate wireless communication functions, such as Wi-Fi, which are not related to satellite communication.

In 2024, our Company was the fourth-largest global satellite navigation and positioning spatial positioning services provider and the largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of dual-frequency high-precision RF baseband integrated GNSS positioning chips and modules, with a global market share of 10.5%.

Ranking of Top Five Global Satellite Navigation and Positioning Spatial Positioning Services Providers, in terms of Shipment Volume of dual-frequency high-precision RF baseband integrated GNSS Positioning Chips and Modules, 2024

Rank	Company	Overview	Country/region	Listing status	Shipment volume of dual-frequency high-precision RF baseband integrated GNSS positioning chips and modules (million)	Market share (%)
1	Company C	• Established in 1997, this company specializes in system-on-chip solutions for wireless communication, smart TVs, the Internet of Things, and automotive electronics.	Taiwan, China	Listed on the Taiwan Stock Exchange	15.0	32.3
2	Company D	• Founded in 1991, its main business involves the design, development, and application of semiconductors, enterprise software, and security solutions.	United States of America	Listed on the NASDAQ Stock Exchange	12.0	25.8
3	Company A	• Established in 1997, this company provides positioning solutions and technologies for cellular and short-range communication, serving the automotive, industrial, and consumer markets.	Switzerland	Listed on the Swiss Stock Exchange	10.0	21.5
4	**Our Company**	• **Founded in 2016, this company offers a wide range of products and solutions throughout the satellite navigation and positioning industry value chain, with a strategic focus on the design and sale of GNSS chips, modules, and solutions.**	**China**	**Not Listed**	4.9	10.5
5	Company H	• Established in 1987, it focuses on manufacturing microcontrollers (MCUs), analog ICs, power semiconductors, sensors, and application-specific integrated circuits (ASICs).	Switzerland	Listed on the Milan Stock Exchange	1.6	3.4
	Sub-total				**43.5**	**93.5**
	Total				**46.5**	**100.0**

Source: Annual Reports, CIC

Comparison of Chip Products[1] between the Top Eight Global GNSS Spatial Positioning Services Providers, 2024

Our company's multi-frequency and multi-system SoC chip products can support all global satellite navigation systems, including GPS, BDS, GLONASS, and Galileo. Additionally, they can support all global satellite-based augmentation systems, enriching the applicable scenarios for our Company's products. The products also support BDS-3 PPP-B2b, and their performance indicators, including positioning and velocity measurement accuracy, are among the best in the industry. In 2024, a comparison of technical specifications of chip products from the top eight global GNSS spatial positioning service providers is as follows.

Indicator	Our Company	Company A	Company B	Company C	Company D	Company E	Company F	Company G
Number of supported satellite navigation systems[2]	6	5	3	5	6	5	6	6
Satellite-based augmentation systems[3]	It supports all global satellite-based augmentation systems and the Beidou-3 precise point positioning function	SBAS/BDSBAS	/	SBAS	/	SBAS	SBAS	SBAS
Number of Channels[4]	128	/	/	135	/	/	96	/
Dual-frequency Power Consumption[5]	≤24mW	≤35mW	/	≤25mW	/	≤122mW	≤133mW	≤66mW
Positioning Accuracy[6]	<1.0m CEP	1.0m CEP	/	1.0m CEP	/	<2.0m CEP	1.5m CEP	2.5m CEP
Velocity Accuracy[7]	0.05m/s	/	/	/	/	<0.1m/s	0.1m/s	0.1m/s
Tracking/Navigation Sensitivity[8]	-166dBm	-167dBm	/	-165dBm	/	-162dBm	-162dBm	-163dBm
Cold Start Time[9]	21s	28s	/	32s	/	≤23s	<26s	<28s
Hot Start Time[10]	1s	1s	1s	1s	1s	≤1s	<2s	<2s

Source: Annual Reports, CIC

Note:

(1) The above comparisons are based on each player's dual/multi-band and multi-system SoC (System on Chip) products.

(2) Supported navigation satellite systems refer to the different navigation satellite system modes each chip can receive. More supported modes enhance positioning accuracy and operational stability.

(3) Support for BDS-3 PPP-B2b signal reception and solution enhances positioning accuracy and facilitates high-precision positioning.

(4) The number of channels indicates how many satellite signals the chip can track simultaneously. A higher value represents the chip's ability to receive more satellite signals.

(5) Low power consumption improves device standby time, increases the power efficiency of IoT devices.

(6) Positioning accuracy refers to the chip's accuracy in determining a fixed location. A smaller value indicates a higher positioning precision of the chip.

(7) Velocity accuracy refers to the precision of the chip's speed measurement. A smaller value indicates the chip's higher speed measurement precision.

(8) Tracking/navigation sensitivity refers to the minimum satellite signal energy level required for the chip to achieve navigation functionality after capturing the satellite signal. A smaller value indicates the chip's better tracking and navigation capabilities.

(9) Cold start time denotes the duration required for the chip to establish positioning immediately after power-up, without historical position or almanac information. A shorter time indicates faster positioning capability.

(10) Hot start time refers to the time it takes for the chip to recapture the satellite signal after losing it. A shorter hot start time indicates quicker repositioning.

Key entry barriers of the global GNSS spatial positioning services industry

- **Technology barriers.** The global GNSS space positioning services industry is a high-tech sector, with extremely high R&D complexity for core technologies that require long-term investment and deep technical accumulation. The technical framework in this field is complex, spanning multiple domains such as satellite signal processing, surveying and mapping and high-precision positioning algorithms. New entrants find it difficult to fully master core technical elements in the short term, thus creating significant entry barriers in technology. Additionally, leading industry players deeply participate in the formulation of domestic and international technical standards, holding dominance in standard-setting and creating barriers that new entrants cannot easily overcome in the short term. Existing companies have accumulated a large number of core patents through years of R&D investment and technical expertise, forming a solid patent barrier. New entrants without corresponding technical authorizations will face intellectual property restrictions. Meanwhile, the products and services of leading enterprises have been widely adopted in multiple sectors such as consumer electronics, shared bicycles, IoT, intelligent transportation, meteorological detection, intelligent driving, and deformation monitoring, supported by comprehensive solution frameworks and service systems. This cross-industry coverage and service capability further heighten technical barriers, as new entrants struggle to simultaneously cover multi-domain applications and build matching service capabilities in a short period.

- **Talent barriers.** The GNSS spatial positioning service industry relies heavily on technology and involves a diverse range of fields, including satellite positioning, wireless communication, surveying and mapping, software, chip designing, and algorithms. There is a particular shortage of interdisciplinary talent who are adept at both chip design and surveying and mapping. Cultivating high-end talent is a long-term endeavor, making it difficult for new entrants to quickly build a professional team capable of supporting R&D and market expansion.

- **Business model barriers.** The GNSS space positioning services industry is in a robust growth phase. Leading enterprises have secured significant market share through first-mover advantages and established strong partnerships with core clients, forming stable business loops and high customer stickiness. New entrants lacking high-quality customer resources will struggle to achieve rapid market breakthroughs. To pursue differentiated competition, new entrants must build unique business models, with key challenges including: collaborating with diverse premium resources, introducing advanced technologies, deeply understanding the characteristics of downstream application industries, providing targeted integrated solutions for industrial chain collaboration, and enhancing the integration capability across multiple satellite navigation systems. Additionally, leading enterprises leverage technological and brand strengths to command higher product pricing power, further intensifying competitive barriers for new entrants.

- **Supply chain barriers.** The supply chain for GNSS chips and modules is highly specialized, involving multiple participants such as wafer foundries, packaging and testing facilities, module manufacturers, chip manufacturers, and chip designers. Close collaboration among these participants is critical, as stable and efficient supply chain coordination plays a key role in ensuring product delivery and quality control. For companies operating under the fabless model, which do not directly engage in wafer manufacturing, establishing strong partnerships with wafer foundries that have stable production capacity and high utilization rates is essential. Due to the scarcity of wafer foundry resources and limited supply capacity, new entrants often struggle to secure stable supply chain support and are unable to compete with existing large-scale customers in bargaining power, further weakening their cost control and delivery assurance capabilities.

Sources and reliability of information

We commissioned CIC, a market research and consulting company founded in Hong Kong and engaged in the provision of professional consulting services across multiple industries, to conduct an analysis and report of the global GNSS spatial positioning services market and China's BeiDou spatial positioning services market. We have agreed to pay a fee of RMB0.45 million to CIC in connection with the preparation of the CIC Report. In this section, as well as in the sections titled "Summary," "Risk Factors," "Business," "Financial Information," and elsewhere in this Document to provide our potential investors with a more comprehensive understanding of the industry in which we operate. Except as otherwise stated, all data and forecasts in this section come from the CIC Report.

The information and data collected by CIC have been analyzed, assessed, and validated using CIC's in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources.

The market forecasts in the CIC Report are based on the following key assumptions: (1) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (2) related key industry-driving factors are likely to continue to drive the growth of global GNSS spatial positioning services market and China's BeiDou spatial positioning services market, such as technological advancements, supporting policies and increasing downstream demand, during the forecast period and (3) there will be no extreme force majeure or unforeseen industry regulations during the forecast period, which may have a drastic or fundamental impact on the market.

POLICIES RELATING TO CIVIL SERVICE OF BEIDOU SYSTEM

The National People's Congress (the "**NPC**") promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) on March 11, 2021, proposing to promote and deepen the application of the BeiDou Navigation Satellite System and facilitate its high-quality industrial development, make breakthroughs in technologies such as the integration of communication and navigation, establish innovative platforms for the Beidou application industry, carry out exemplary demonstrations in industries such as communication, finance, energy and civil aviation, and promote the market-oriented large-scale application of Beidou in consumer fields such as car navigation, smartphones, and wearable devices.

On November 4, 2022, the State Council Information Office released the white paper "China's BeiDou Navigation Satellite System in the New Era" (《新時代的中國北斗》), which initially planned the development blueprint of BeiDou before 2035. China will build a new generation of BeiDou system with more advanced technology, stronger functions and better services, and establish a more extensive, integrated and intelligent comprehensive spatiotemporal system that provides flexible, smart, precise and secure navigation, positioning and timing services. In building a more powerful BeiDou System, China will create its own smart and distinctive system for operation, maintenance and management, and gain a competitive edge in services such as short message communication, ground-based and satellite-based augmentation, and international search and rescue. By steadily improving the quality and increasing the scope of its services, BeiDou System will build the capacity to provide global decimeter-level positioning and navigation with high integrity, thereby delivering better services to users worldwide. At the same time, China will promote large-scale BeiDou System applications, encourage their market-oriented, industrialized and globalized development, and establish a comprehensive national system for positioning, navigation and timing services. The white paper emphasizes that China will promote the deep integration of BeiDou applications into the overall development of the national economy to promote the healthy development of the BeiDou application industry, so as to inject a strong impetus into economic and social development.

On November 1, 2021, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") promulgated the Information and Communication Industry Development Plan for the 14th Five-Year Plan Period (《「十四五」信息通信行業發展規劃》), proposing to facilitate the large-scale application of the BeiDou Satellite Navigation System in the field of information and communication, and promote its application in aviation, navigation, public safety and emergency response, transportation and energy and other fields. China government will accelerate the promotion of BeiDou applications, establish a BeiDou network-assisted public service platform, promote the application of BeiDou in mobile communication networks, the Internet of Things, the

Internet of Vehicles, and emergency communication, and expand the scale of the application market. China government will promote the joint construction and sharing of BeiDou high-precision positioning ground-based enhanced stations. China government will fully leverage the advantages of large-scale and networked communication network infrastructure, scientifically formulate plans for the construction of ground-based enhanced stations, and improve the efficiency of positioning data utilization.

According to the Regulations on the Qualification Management of BeiDou Navigation Civil Services (《北斗導航民用服務資質管理規定》) issued by the China Satellite Navigation and Positioning Application Management Center on August 26, 2014, Beidou navigation civil services include providing (1) BeiDou navigation sub-branch level civil services, (2) BeiDou navigation terminal level civil services (carrying out production activities of BeiDou satellite navigation chips, PCB boards, modules, complete machines and other terminal products) to the society. The "Beidou Navigation Civil Service Qualification Certificate" is required for the provision of civil services for BeiDou navigation. On April 17, 2020, the China Satellite Navigation and Positioning Application Management Center issued the Notice on the Cessation of Inclusion of BeiDou RNSS Technical System Terminal Production under the BeiDou Navigation Civil Service Qualification Management (《關於北斗RNSS技術體制終端生產不再納入北斗導航民用服務資質管理範疇的通告》), according to which BeiDou Navigation Civil Service Qualification Certificate is not required for engaging in BeiDou RNSS services.

According to the Implementation Opinions on Conducting the Certification of BeiDou Basic Products (《關於開展北斗基礎產品認證工作的實施意見》) promulgated by the State Administration for Market Regulation on August 23, 2021, the State Administration for Market Regulation will organize and implement the certification of BeiDou basic products to further enhance the quality of BeiDou basic products such as chips, modules, antennas and PCB boards. BeiDou basic products are subject to a unified certification catalog, certification standards and certification marks. Manufacturers of BeiDou basic products may voluntarily apply for certification from designated certification institutions.

REGULATIONS RELATING TO INTEGRATED CIRCUIT INDUSTRY

On January 25, 2017, the National Development and Reform Commission of PRC (the "**NDRC**") promulgated the Guiding Catalogue of Key Products and Services in Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄 (2016版)》), which clarifies eight industries in five major areas (including separate service fields), which are further subdivided into 174 sub-directions under 40 key directions and nearly 4,000 subdivided products and services, including, among others, integrated circuit chip products, integrated circuit materials, power and electronic devices and semiconductor materials.

On November 19, 2017, the State Council promulgated the Guiding Opinions of the State Council on Deepening "Internet + Advanced Manufacturing" and Developing Industrial Internet (《國務院關於深化「互聯網+先進製造業」發展工業互聯網的指導意見》) (the "**Guiding Opinions**"). The Guiding Opinions encourage domestic and foreign enterprises to cooperate in tackling technical problems in weak links such as big data analysis, industrial data modelling, key software systems and chips. It is recommended to implement relevant preferential tax policies, promote preferential enterprise income tax for enterprises in software and integrated circuit industries, and encourage relevant enterprises to accelerate the development and application of industrial Internet.

On July 27, 2020, the State Council promulgated the Several Policies on Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》). In order to further optimize the development environment of integrated circuit and software industries, deepen international industrial cooperation, and enhance the industrial innovation capability and development quality, China government issued a series of supporting policies on fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation.

On March 11, 2021, the NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), proposing to foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits and aerospace equipment, with focus on high-end chips, operating systems, key artificial intelligence algorithms, sensors and other key fields. China government will gather pace in making breakthroughs in the research and development of basic theories, basic algorithms and equipment materials and promoting their iterative application.

On December 12, 2021, the State Council issued the Plan for Development of the Digital Economy During the 14th Five-Year Period (《「十四五」數字經濟發展規劃的通知》), proposing that during the "14th Five-Year Plan" period, the promotion of digital industrialization should be accelerated to make up for key technical shortcomings. China government will focus on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthen the integrated research and development of general-purpose processors, cloud computing systems and key software technologies. In addition, the competitiveness of key links in the industrial chain should be enhanced, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

On February 1, 2024, the National Development and Reform Commission promulgated the Catalog for Guiding Industry Restructuring (2024 Version) (《產業結構調整指導目錄(2024年本)》), classifying the three categories of industries, namely encouraged, restricted and eliminated. In particular, satellite navigation chips are included in the category of encouraged industries.

REGULATIONS RELATING TO FOREIGN INVESTMENT

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") promulgated the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was latest amended on December 29, 2023 and took 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 involve refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholders and management, and strengthening the social responsibilities of companies.

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》), 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)》), which are promulgated and amended from time to time by the Ministry of Commerce (the "**MOFCOM**") and the NDRC, as well as the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") and its implementation rules and ancillary regulations.

In March 2019, the Foreign Investment Law was promulgated by the NPC and took 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 to ensure investment protection and fair competition. According to the Foreign Investment Law, foreign investment is subject to pre-entry national treatment and negative list administration system. Pre-entry national treatment means the treatment accorded to foreign investors and their investments no less favorable than that accorded to domestic investors and their investments at the stage of investment access. Negative list means a special administrative measure as to the access of foreign investment in specific fields imposed by China. China government accords national treatment to foreign investment outside of the negative list. 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 took effect on January 1, 2020, which further clarified that China government encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates the administration of foreign investment, continuously optimize foreign investment environment, and advances a higher-level opening up.

On October 26, 2022, the National Development and Reform Commission and the Ministry of Commerce promulgated the Catalog of Encouraged Industries for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**2022 Encouraged Catalog**"), pursuant to which industries including integrated circuit design, manufacturing of equipment for integrated circuit packaging and testing, and manufacturing of new types of electronic components are listed as encouraged industries for foreign investment.

On September 6, 2024, the National Development and Reform Commission and the Ministry of Commerce jointly promulgated 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 outlines 29 industries prohibited or restricted for foreign investment. According to the Foreign Investment Law and the 2024 Negative List, foreign investors are not allowed to invest in prohibited industries specified in the Negative List, while foreign investments in restricted industries are subject to certain conditions under the Negative List. Industries not included in the Negative List are generally deemed as "permitted" industries for foreign investment.

REGULATIONS RELATING TO PRODUCT QUALITY AND IMPORT AND EXPORT TRADE

According to 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 latest amended on December 29, 2018, the seller assumes responsibility for the repair, replacement or return of sold products under the following circumstances: (1) the product lacks the essential properties for its intended use without prior clear indication; (2) the product does not meet the standards stated on the product or its packaging; or (3) the product does not match the quality displayed in the product description or physical sample or other forms. In cases where a consumer incurs any losses due to the purchased product, the seller is obligated to compensate for such losses. According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020, and taking effect on January 1, 2021, manufacturers and sellers shall bear liability for physical injuries or property losses resulting from product defects. The affected party is entitled to seek compensation from either the manufacturer or the commercial seller.

According to the Customs Law of the PRC (《中華人民共和國海關法》) (the "**Customs Law**"), which was reviewed and adopted by the SCNPC on January 22, 1987 and last amended on April 29, 2021, and took effect on the same date, the PRC Customs are China's entry and exit supervision and administration authority. According to the Customs Law and other relevant laws and administrative regulations, the customs are responsible for the supervision of transport vehicles, goods, freight items, postal items and other items entering into and departing from the PRC, and collecting tariff and other duties and charges. All imported goods (throughout the period from arrival in the territory to the customs clearance), exported goods (throughout the period from declaration to the customs to departure from the territory) and transit, transshipment and through transport goods (throughout the period from arrival in the territory to departure from the territory) are subject to the supervision of the customs. Unless otherwise specified, the declaration of imported and exported goods and the payment of customs duties may be handled by the consignees or consignors of such imported or exported goods or entrusted customs declaration entities. In addition, according to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC (the "**General Administration of Customs**") on November 19, 2021 and taking effect on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration entities who shall file a record with the customs. The consignees and consignors of import and export goods and customs declaration entities who apply for recordation shall obtain the qualification of market entities. In particular, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. However, according to the Foreign Trade Law of the PRC amended on December 30, 2022, the relevant recordation requirements for the foreign trade operators have been deleted. The recordation of the customs declaration entities is perpetually valid.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, foreign trade operators are required to file a registration. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. According to the pre-amendment Foreign Trade Law, prior to December 30, 2022, a foreign trade operator who is engaged in the import and export of goods or technologies shall complete the filing and registration procedures with the foreign trade authority under the State Council or its delegated agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, the customs shall not accept the declaration and clearance of the goods imported or exported by such operator.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulation of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "**Regulation on Foreign Exchange Administration**") promulgated by the State Council on January 29, 1996, last amended on August 5, 2008 and taking effect on the same date, the foreign exchange receipts and payments and foreign exchange business operations of Chinese entities and individuals, and the foreign exchange receipts and payments and foreign exchange business operations conducted within the territory of the PRC by overseas entities and individuals shall comply with the Regulation on Foreign Exchange Administration. An overseas entity or individual that makes direct investments in the PRC shall complete the registration procedures with a foreign exchange authority upon the approval of the competent authority. A domestic entity or individual that makes direct investment or issues or trades negotiable securities or derivatives overseas shall complete the registration procedures with a foreign exchange authority of the State Council. If a prior approval or filing of a competent authority is required by relevant national regulations, such approval or filing process shall be completed before handling the foreign exchange registration procedures.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") promulgated by the SAFE on February 13, 2015 and taking effect on June 1, 2015, the administrative review and approval procedures for the foreign exchange registration approval relating to domestic direct investment and the foreign exchange registration approval relating to overseas direct investment (the "**Foreign Exchange Registration Relating to Direct Investment**") were abolished, and the Foreign Exchange Registration Relating to Direct Investment is directly reviewed and handled by banks. Furthermore, the procedures for certain Foreign Exchange Registration Relating to Direct Investment are simplified under the SAFE Circular 13, including: (1) the registration procedure for confirmation of the capital contribution of foreign investors under domestic direct investment is simplified. The registration for confirmation of the non-cash capital contribution of foreign investors under domestic direct investment and the registration for confirmation of the capital contribution made by foreign investors in connection with the acquisition of PRC-based equity interests were abolished; (2) the foreign exchange filing of overseas reinvestment was abolished; (3) the annual inspection on foreign exchange of direct investment was abolished and replaced by the registration of inventory interests.

REGULATIONS RELATING TO REAL ESTATE LEASING

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 and amended on August 26, 2019, when leasing a house, the lessor and lessee shall sign a written lease contract setting forth such provisions as the leasing term, use of the house, rental and repair liabilities, and other rights and obligations of both parties and complete the registration procedures with the real estate authority.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which took effect on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing procedures within 30 days from the execution of the property lease contract with the construction or real estate authorities of the municipality, city or county where the leased property is located. If failing to do so, it may be ordered to rectify within a specified period, and if failing to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed for each lease agreement.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, latest amended on April 23, 2019 and taking effect on November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and taking effect on May 1, 2014, registered trademarks are granted a validity of ten years which may be renewed for additional ten years upon request by the trademark holder. Trademark license agreements shall be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Violations that constitute an infringement of the proprietary right of a registered trademark include but are not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to cease the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for any damages to the right holder, the amount of which is equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping such infringement.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC and latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons or other organizations are entitled to copyrights of their works (whether published or not), including, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright holders of protected works are entitled to personal and property rights with respect to its publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, filming, adaptation, translation, compilation and other rights entitled to copyright holders.

According to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002 and latest amended on June 18, 2004, the National Copyright Administration is primarily responsible for the registration and management of software copyrights in China, and designates the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center shall issue registration certificates to computer software copyright applicants according to relevant regulations.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC, latest amended in October 2020 and taking effect on June 1, 2021, and its Implementation Rules, patent is divided into three categories, namely invention patent, design patent and utility model patent. An invention patent is granted to a new technical solution proposed in respect of a product or method or an improvement to such product or method. A utility model patent is granted to a new technical solution that is practicable for application and proposed in respect of the shape or structure of a product or a combination of both. A design patent is granted to a new design of a product in shape, pattern or a combination of both or a combination of color, shape and pattern, whether wholly or in part, which is aesthetically suitable for industrial application. The validity of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years respectively, which are all calculated from the date of application. The PRC patent system adopts the "first to file" principle. As such, if two or more applicants file separate patent applications for the same invention, the person who applies first will be granted the patent. Use of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

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 "**Protection Regulations**"), aiming to protect the proprietary rights of integrated circuit layout designs, encourage innovation in integrated circuit technology and promote the development of science and technology. According to the Protection Regulations, the owner of an integrated circuit layout design is entitled to its proprietary rights according to the provisions of the Protection Regulations. The proprietary rights to the layout design arise upon registration with the intellectual property administration authority of the State Council, and layout designs that have not been registered are not protected by the Protection Regulations. The protection period for the proprietary 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 the Protection Regulations 15 years after its creation, regardless of registration or commercial use.

Domain Names

The Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT in 2017 adopts the "first to file" rule when allocating domain names to applicants, and provides that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of such domain name.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Employment

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

The Labor Contract Law, which took effect on January 1, 2008 and latest amended on December 28, 2012, primarily aims at regulating the rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. According to the Labor Contract Law, labor contracts shall be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work overtime and shall pay employees for overtime work according to national regulations. In addition, employee wages shall not be lower than local standards on minimum wages and shall be paid to employees in a timely manner.

Social Insurance

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

Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019 respectively, enterprises shall register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. In case of any overdue payment or underpayment, the housing fund management center may order to pay within a specified period. Where employers fail to make payment within such specified period, it may apply to the people's court for enforcement. In case of any failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to complete relevant procedures within a specified period. Where employers fail to complete such procedures within such specified time, a fine ranging from RMB10,000 to RMB50,000 may be imposed.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the SCNPC and latest amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council and latest amended in December 2024 (collectively, the Enterprise Income Tax Law), a unified 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualified small low-profit enterprises. The high-tech enterprises under the full support of the PRC's government will enjoy a reduced enterprise income tax rate of 15%.

Transfer Pricing

According to the Enterprise Income Tax Law of the PRC and its Implementation Regulations, as well as the Tax Collection and Administration Law of the PRC (《中華人民共和國稅收徵收管理法》) that was revised by the SCNPC on April 24, 2015 and became effective on the same day, and the Implementing Regulations of the Tax Collection and Administration Law of the PRC (《中華人民共和國稅收徵收管理法實施細則》) that was revised by the State Council on February 6, 2016 and became effective on the same day, for business transactions between affiliated enterprises, the receipt or payment of prices and fees shall follow the arm's length principle. Where the receipt or payment of prices and fees does not follow the arm's length principle and results in a reduction of taxable income, the tax authorities shall have the right to make reasonable adjustments.

Based on the Announcement of the State Taxation Administration on Matters Relating to the Improvement of the Administration of Related-Party Transaction Reporting and Contemporaneous Documentation (《國家稅務總局關於完善關聯申報和同期數據管理有關事項的公告》) promulgated and became effective on June 29, 2016, enterprises which have related-party transactions and meet corresponding conditions shall prepare their contemporaneous documentation (同期資料) per tax year and submit to the tax authority if required. Contemporaneous documentation includes master file (主體文檔), local file (本地文檔) and special issue file (特殊事項文檔).

According to the Administrative Measures for Special Tax Adjustment and Investigation and Mutual Agreement Procedures (《特別納稅調查調整及相互協商程序管理辦法》) that was issued on March 17, 2017 and became effective on May 1, 2017 and was revised on June 15, 2018 by the State Taxation Administration, an enterprise may adjust and pay taxes at its own discretion when it receives a special tax adjustment risk warning or identifies its own special tax adjustment risks, while the tax authorities may also carry out special tax investigation and adjustment in accordance with the relevant provisions in regard to enterprises that adjust and pay taxes at their own discretion. The Administrative Measures reinforces the transfer pricing administration on intercompany intangibles and services transactions, and provides certain methods and principles for investigations and adjustments.

Value-added Tax

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

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and taking effect on April 1, 2019, the value-added tax rates of 16% and 10% in respect of sales and import of goods shall be adjusted to 13% and 9%, respectively.

REGULATIONS RELATING TO SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"), which was promulgated by the SCNPC on December 29, 1998 and latest amended on December 28, 2019, and took effect on March 1, 2020, comprehensively regulates securities market activities in the PRC, including issuance and trading of securities, takeovers by listed companies, securities exchanges and securities companies, and the duties and responsibilities of securities regulatory authorities. The Securities Law further provides that a domestic enterprise issuing securities overseas or listing their securities overseas, directly or indirectly, shall comply with the relevant provisions of the State Council. For any subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be separately stipulated by the State Council. The

CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to the law, maintain the market order, and ensure the lawful market operation. Currently, the issuance and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC promulgated several regulations regarding the administration of filings for overseas issuances and listings by domestic companies, including the Trial Measures for the Administration on 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**") together with five supporting guidelines (together with the Overseas Listing Trial Measures, the "**New Regulations for Filing-based Administration of Overseas Listing**"). Under the Overseas Listing Regulations, domestic companies that seek to issue and list securities in overseas markets, either directly or indirectly, are required to file the required documents with the CSRC within three working days after the submission of application documents for overseas listing.

The new Overseas Listing Regulations provides that no overseas issuance and listing shall be made under any of the following circumstances: (1) such listing and financing is explicitly prohibited by provisions in laws, administrative regulations and relevant national rules; (2) the overseas securities issuance and listing may endanger national security as reviewed and determined by competent authorities under the State Council according to the law; (3) the domestic company or its controlling shareholders or actual controller has committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to the law and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equities held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder or actual controller. Overseas issuance and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules relating to national security in spheres of foreign investment, cybersecurity and data security, and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering 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 "**Confidentiality Provisions**"). According to the Confidentiality Provisions, where a domestic enterprise provides or publicly discloses any document or data that involves national secrets and working secrets of national agencies to the relevant securities companies, securities service agencies, overseas regulatory authorities and other entities and individuals, it shall report to the competent authority with the review and approval authority for approval according to the law, and submit to the secrecy administration authority of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide relevant services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and any cross-border transfer shall complete the review and approval procedures according to the relevant regulations of the PRC.

REGULATIONS RELATING TO THE H-SHARE FULL CIRCULATION

"Full circulation" refers to the **[REDACTED]** and circulation of unlisted domestic shares of H-share **[REDACTED]** companies on the Stock Exchange, including unlisted domestic shares held by domestic shareholders prior to overseas **[REDACTED]**, additional unlisted domestic shares issued after overseas **[REDACTED]** and unlisted shares held by holders of foreign shares.

On November 14, 2019, the CSRC promulgated the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) (the "**Full Circulation Guidelines**"), which was amended on August 10, 2023. According to the Full Circulation Guidelines, subject to the requirements of relevant laws and regulations and policies relating to state-owned asset administration, foreign investment and industry regulation, the shareholders of unlisted domestic shares may discretionally determine through consultations the amount and proportion of shares for which an application will apply for circulation, and entrust the corresponding H-share **[REDACTED]** company to register such application for full circulation.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and the Shenzhen Stock Exchange jointly promulgated the Detailed Rules for the Implementation of H-share "Full Circulation" Program (《H股「全流通」業務實施細則》) (the "**Implementation Rules**"). The relevant businesses including cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, and services of nominal holders in relation to the H-share full circulation program are subject to the Implementation Rules.

CSDC Shenzhen Branch promulgated the Business Guide of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the "Full Circulation" of H-shares (《中國證券登記結算有限責任公司深圳分公司H股「全流通」業務指南》) on September 20, 2024, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody. According to the Business Guide, H-share **[REDACTED]** companies shall be authorized by Participating Shareholders to designate a sole domestic securities company that has established a cooperative relationship with a Hong Kong securities company (the "**Domestic Securities Company**") to participate in the transaction of converted H shares. Upon the completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Participating Shareholders, will all be conducted separately.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN HONG KONG

Sale of Goods Ordinance

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) aims to codify the laws relating to the sale of goods which shall be applicable to the Group's business activities. It provides that:

(a) there is an implied condition that the goods shall correspond with the description where there is a contract for the sale of goods by description;

(b) there is an implied condition that the goods supplied under the contract are of merchantable quality where a seller sells goods in the course of a business, except that there is no such condition:

   (i) as regards defects specifically drawn to the buyer's attention before the contract is made; or

   (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or

   (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and

(c) where there is a contract for sale by sample, there are implied conditions that:

(i) the bulk shall correspond with the sample in quality;

(ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample; and

(iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negatived or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Import and Export

As our Group is involved in import and export of chips, modules and electronic components in Hong Kong, we are subject to the Import and Export (Registration) Regulations (《進出口(登記)規例》) (Chapter 60E of the Laws of Hong Kong) (the "**Regulations**"), which imposes duties on importers and exporters to complete declaration with the Customs and Excise Department.

Under Section 6C of the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the "**IEO**"), no person shall import any article prescribed in Schedule 1 of the Import and Export (General) Regulations (《進出口(一般)規例》) (Chapter 60A of the Laws of Hong Kong) (the "**IER**") except under and in accordance with an import license. Under Section 6D of the IEO, no person shall export any article specified in the second column of Schedule 2 of the IER except under and in accordance with an export license issued by the Director-General of Trade and Industry. Such import and export licenses are issued under Section 3 of the IEO. As the chips and products which our Group import and export are not articles specified in these provisions, we are not required to obtain such import or export license.

Under Regulations 4 and 5 of the Regulations, any person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specified body with the Commissioner of Customs and Excise (the "**Commissioner**"). Exempted articles include transshipment cargo, transit cargo, articles for personal use or gifts. The declaration must follow the requirements that the Commissioner may specify and lodged within 14 days of such import or export. Any person who is required to lodge an import or export declaration but fails to do so without reasonable excuse shall be liable on summary conviction to a fine of HK$2,000, and, commencing on the day following the date of conviction, to a fine of HK$100 in respect of every day the declaration is still not lodged.

Transfer Pricing

As our Group's subsidiaries in the mainland China and Hong Kong have engaged in intra-group transactions, we are subject to the laws and regulations on transfer pricing in Hong Kong. For details of our transfer pricing arrangement, please see "Business — Intra-Group Transactions."

Section 20A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (《稅務條例》) gives the Inland Revenue Department of Hong Kong (the "**IRD**") a wide range of powers to collect tax due from non-residents. The IRD may also make transfer pricing adjustments by disallowing expenses incurred by Hong Kong residents under sections 16(1) and 17(1)(b) of the IRO and may also make additional assessments under section 60 of the IRO. The IRD may also challenge the entire arrangement under general anti-avoidance provisions according to sections 61 and 61A of the IRO.

The Inland Revenue (Amendment) (No. 6) Ordinance 2018 (《2018年稅務(修訂)(第6號)條例》) (the "**Amendment Ordinance**") codifies the transfer pricing principles in relation to how the pricing for the supply of goods and services between associated parties should be determined and implemented, including, amongst others, the arm's length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person, and the three-tier transfer pricing documentation relating to the master file, local file and country-by-country reporting.

Pursuant to the Amendment Ordinance, a person who have a Hong Kong tax advantage if taxed on the basis of a non-arm's length provision ("**Advantaged Person**") will have income adjusted upwards or loss adjusted downwards. Section 50AAF of the IRO stipulates that the Advantaged Person's income or loss is to be computed as if arm's length provision had been made or imposed instead of the actual provision. If the Advantaged Person fails to prove to the satisfaction of the assessor of the IRD that the person's income or loss as stated in the person's tax return is the arm's length amount, the assessor of the IRD must estimate an amount as the arm's length amount and, taking into account the estimated amount (a) make an assessment or additional assessment on the person; or (b) issue a computation of loss, or revise a computation of loss resulting in a smaller amount of computed loss, in respect of that person.

The Amendment Ordinance introduces a mandatory "three-tiered" transfer pricing documentation requirement in Hong Kong consisting of (a) Master File; (b) Local File; and (c) Country-by-country Report. The Amendment Ordinance provides two types of exemptions to entities that engage in transactions with associated enterprises from preparing Master File and Local File. In terms of size-based business exemption thresholds, a Hong Kong taxpayer meeting any two of the following three size-based business exemption thresholds for an accounting period is exempted from preparing the Master File and Local File for that accounting period: (a) total annual revenue not exceeding HK$400 million; (b) total value of assets not exceeding HK$300 million; or (c) average number of employees not exceeding 100. In terms of volume-based related party transactions exemption thresholds, the threshold per accounting period are as follows: (i) for transfer of property (whether movable or immovable but excluding financial assets and intangible assets): HK$220 million (ii) for transfer of financial assets: HK$110 million; (iii) for transfer of intangibles: HK$110 million; and (iv) for any other transactions: HK$44 million. Our Group did not meet the threshold for preparing transfer pricing documentation in Hong Kong.

OVERVIEW

We are a leading provider of spatial positioning services in China powered by the BeiDou satellite navigation system.

Our history can be traced back to 2013, when China Electronics Corporation Holdings Company Limited (中國電子集團控股有限公司) (currently known as "China Electronics Huada Technology Company Limited" (中國電子華大科技有限公司)) ("**CE Huada Tech**"), a company principally engaged in the design and sale of integrated circuit chips, the shares of which have been listed on the Main Board of the Stock Exchange (stock code: 00085) with China Electronics Corporation Limited (中國電子信息產業集團有限公司) ("**CEC**") being its ultimate controlling shareholder, commenced its navigation chips business (the "**Navigation Chips Business**") through its wholly-owned subsidiary, CEC Huada Electronic Design Co., Ltd. (北京中電華大電子設計有限責任公司) ("**HED**"). Through the acquisition of the Navigation Chips Business, we inherited the core technology and R&D team of HED's navigation chip unit, laying a solid foundation for our subsequent development in satellite positioning technologies. According to the CIC Report, in 2024, we were the sixth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of GNSS chips and modules, with a global market share of 4.8%. In 2024, we were the fourth-largest global GNSS spatial positioning services provider and the largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of dual-frequency high-precision RF baseband integrated GNSS chips and modules, with a global market share of 10.5%, according to the same source.

Our Company was established in December 2016 by seven founding shareholders, including state-owned enterprises, listed companies, investment institutions and our former employee shareholding platform, namely Gongqingcheng Beidou Qihang Investment Management Partnership (Limited Partnership) (共青城北斗啓航投資管理合夥企業(有限合夥)) ("**Gongqingcheng Beidou Qihang**"). Since our establishment, our Company has received several rounds of investments from our **[REDACTED]** Investors. See "**— [REDACTED]** Investments."

OUR KEY MILESTONES

The table below sets out the key business milestones in the history of our Group:

Year	Event
2013	• HED started the Navigation Chips Business
2016	• Our Company was established in the PRC with limited liability in December 2016
2017	• We acquired the Navigation Chips Business from HED
2018	• We were recognized as National High-tech Enterprise (國家高新技術企業) by Science, Technology and Innovation Commission of Shenzhen Municipality (深圳市科技創新委員會), Finance Commission of Shenzhen Municipality (深圳市財政委員會) and Shenzhen Tax Service, State Taxation Administration (國家稅務總局深圳市稅務局)
	• We were accredited as Guangdong BeiDou Satellite Navigation and Positioning Technology Engineering Research Center (廣東省北斗衛星導航和定位技術工程技術研究中心) by Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
	• We were awarded 2018 Hong Kong Awards for Industries: Technological Achievement Certificate of Merit (香港工商業獎：科技成就優異證書)
2019	• We commenced mass production of dual-frequency BeiDou high-precision navigation and positioning SoC chip
	• We were mentioned as one of the "Component and Receiver Manufacturers" in Consumer Solutions Value Chain of the GSA GNSS Market Report published by the European Global Navigation Satellite Systems Agency
2020	• We acted as one of the vice-president units (副理事長單位) of Collaborative Development Platform of BeiDou Industry (中央企業北斗產業協同發展平台)

Year	Event
2021	• Our Company was converted from a limited liability company into a joint stock company with limited liability
	• We became one of the vice-chairman units (副會長單位) of GNSS & LBS Association of China (中國衛星導航定位協會)
2022	• We acquired Medo as our non-wholly owned subsidiary
	• We were accredited as Specialized and Innovative "Little Giant" Enterprise (專精特新"小巨人"企業) by Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
	• We were awarded the China Patent Excellence Award (中國專利優秀獎) by China National Intellectual Property Administration (國家知識產權局)
	• We received 2021–2022 Hong Kong Awards for Industries: Technological Achievement Certificate of Merit (香港工商業獎：科技成就優異證書)
	• We were mentioned as one of the "Component and Receiver Manufacturers" in Consumer Solutions, Tourism and Health Value Chain of the EO and GNSS Market Report published by the European Union Agency for the Space Programme
2023	• We released the fourth-generation BeiDou chip
	• We were accredited as "Guangdong Manufacturing Single Champion Demonstration Enterprises" (廣東省製造業單項冠軍示範企業) by Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
	• We received the "Shenzhen Top Brand" ("深圳知名品牌") recognition by Shenzhen Top Brand Evaluation Committee (深圳知名品牌評價委員會)

Year	Event
2024	• We signed a strategic cooperation agreement with Hebei Aerospace Information Investment Holdings Co., Ltd. (河北空天信息投資控股有限公司), a subsidiary of Hebei Transportation Investment Group Company Limited (河北交通投資集團有限公司)
	• We signed a strategic cooperation agreement with ZTE Corporation (中興通訊股份有限公司), a company primarily engaged in communications and information technology solutions, the shares of which have been listed on the Main Board of the Stock Exchange (stock code: 00763)
	• We entered into a strategic cooperation agreement with Meituan, which is among the top three domestic bike-sharing vendors
	• We received the "Guangdong Top Brand" ("廣東知名品牌") recognition by Guangdong Enterprise Brand Building Promotion Association (廣東省企業品牌建設促進會) and Guangdong Top Brand Evaluation Professional Committee (廣東知名品牌評價專業委員會)

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1. Commencement of the Navigation Chips Business by CE Huada Tech

CE Huada Tech commenced the Navigation Chips Business through its subsidiary, HED. The Navigation Chips Business undertaken by HED, which was carried out by a team including Mr. Sun, who was the then deputy general manager of HED and the general manager of HED's navigation business department and fully took charge of the navigation business department, was focused on research and development and promotion of market leading navigation chip products with advanced technical functions.

2. Establishment of Our Company and the Acquisition of the Navigation Chips Business

As CE Huada Tech expected that the research and development endeavors of the Navigation Chips Business would require significant level of capital and financial commitment and it intended to focus its human and capital resources on its core business segments which were the design of smart cards and security chips business, and the provision of ancillary system solutions, CE Huada Tech proposed to dispose of the Navigation Chips Business in November 2016. The disposal was offered by the bid invitation, auction and listing process in Shanghai United Assets and Equity Exchange (上海聯合產權交易所).

On December 5, 2016, the seven founding shareholders of our Company entered into a joint venture agreement with respect to the formation of our Company. On December 6, 2016, our Company was established under the laws of the PRC as a limited liability company with an initial registered capital of RMB400,000,000. The shareholding structure of our Company upon establishment is set forth below:

Name of Shareholder	Registered capital subscribed for	Percentage of shareholding
	(RMB)	
China Electronics Optics Valley (Shenzhen) Industrial Development Co., Ltd. (中電光谷(深圳)產業發展有限公司) ("**CEC Optics Valley (Shenzhen)**")[(1)]	150,000,000	37.50%
Gongqingcheng Beidou Qihang[(2)]	80,000,000	20.00%
Shenzhen Anpeng Intelligent Investment Fund Enterprise (Limited Partnership) (深圳安鵬智慧投資基金企業(有限合夥)) ("**Shenzhen Anpeng**")[(3)]	50,000,000	12.50%
Shenzhen Jinjia Group Co., Ltd. (深圳勁嘉集團股份有限公司) ("**Shenzhen Jinjia**")[(4)]	40,000,000	10.00%
Ningbo Bird Co., Ltd. (寧波波導股份有限公司) ("**Ningbo Bird**")[(5)]	40,000,000	10.00%
Shanghai SAIC Venture Capital Center (Limited Partnership) (上海上汽創業投資中心(有限合夥)) ("**Shanghai SAIC VC**")[(6)]	20,000,000	5.00%
Shanghai Shangqi Investment Management Partnership (Limited Partnership) (上海尚頎投資管理合夥企業(有限合夥)) ("**Shanghai Shangqi**")[(6)]	20,000,000	5.00%
Total	**400,000,000**	**100.00%**

Notes:

(1) CEC Optics Valley (Shenzhen) is a limited liability company established under the laws of the PRC and is principally engaged in science and technology park, industrial park management; technical consultancy in construction engineering; and technology business incubation services. As of the Latest Practicable Date, CEC Optics Valley (Shenzhen) was an indirect wholly-owned subsidiary of China Electronics Optics Valley Union Holding Company Limited (中電光谷聯合控股有限公司) ("**CEC Optics Valley**"), the shares of which are listed on the Stock Exchange (stock code: 00798.HK). CEC is the largest and substantial shareholder of CEC Optics Valley.

(2) Gongqingcheng Beidou Qihang was our then employee shareholding platform. On September 23, 2020, it transferred all its interests in our Company to our current employee shareholding platforms. See "— Establishment and Major Shareholding Changes of Our Company — 8. Restructuring of the employee shareholding platforms in September 2020."

(3) Shenzhen Anpeng is a limited partnership established under the laws of the PRC and is principally engaged in equity investment.

(4) Shenzhen Jinjia is a joint stock company established under the laws of the PRC. It is principally engaged in the designing, research and development of packaging and packaging materials, and is listed on the Shenzhen Stock Exchange (stock code: 002191).

(5) Ningbo Bird is a joint stock company established under the laws of the PRC. It is principally engaged in the research and development, manufacturing and sales of electronic communication products, communication systems and other smart devices, and is listed on the Shanghai Stock Exchange (stock code: 600130).

(6) Shanghai SAIC VC is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had three limited partners, all being Independent Third Parties. SAIC Motor Venture Capital Co., Ltd. (上海汽車創業投資有限公司) held 79.92% partnership interest therein and was ultimately controlled by SAIC Motor Corporation Limited (上海汽車集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600104).

The general partner of Shanghai SAIC VC was Shanghai Shangqi, which was ultimately controlled by Feng Ji (馮戟), an Independent Third Party.

Due to their internal arrangement, Shanghai Shangqi transferred its equity interest in our Company to Shanghai Shangqi Venture Capital Center (Limited Partnership) (上海尚頎創業投資中心(有限合夥)) ("**Shanghai Shangqi VC**"), its affiliate, on August 10, 2017 for nil consideration. Shanghai Shangqi VC is a limited partnership established under the laws of the PRC with Shanghai Shangqi being its general partner and is principally engaged in investment management. As of the Latest Practicable Date, it had seven limited partners, all being Independent Third Parties. Shanghai Anting Industrial Economic Development Co., Ltd. (上海安亭工業經濟發展有限公司) held 39.56% partnership interest therein and was ultimately controlled by Shanghai Jiading District Anting Economic Union (上海嘉定區安亭經濟聯合社), a collective economic organization.

Our Company was announced as the successful bidder in March 2017, and our Company entered into a sale and purchase agreement with HED with respect to the acquisition of the Navigation Chips Business for a consideration of RMB100 million on March 3, 2017. The acquisition was completed in May 2017.

3. Investment by Shenzhen Yuanzhi in December 2017

On December 12, 2017, Shenzhen Yuanzhi Venture Capital Co., Ltd. (深圳市遠致創業投資有限公司) ("**Shenzhen Yuanzhi**") entered into a capital increase agreement with our Company and our then Shareholders, pursuant to which Shenzhen Yuanzhi subscribed for an increased registered capital of RMB15,000,000 in our Company for a consideration of RMB15,000,000. Immediately upon the completion of the abovementioned capital increase, the registered capital of our Company was increased from RMB400,000,000 to RMB415,000,000.

Shenzhen Yuanzhi is a wholly-owned subsidiary of Shenzhen Capital Holding Co., Ltd. (深圳市資本運營集團有限公司), and ultimately controlled by the SASAC of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會).

4. Series A Investments in September 2019

Pursuant to the capital increase agreement dated September 29, 2019, the relevant subscribers subscribed for the registered capital of RMB131,217,590 of our Company at a total consideration of RMB215,000,000. As a result, the registered capital of our Company was increased from RMB415,000,000 to RMB546,217,590. The respective registered capital subscribed for and consideration paid by the relevant subscribers were as follows:

Subscriber(s)	New registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Shenzhen CMB No. 1 Innovation and Venture Capital Partnership (Limited Partnership) (深圳市招銀一號創新創業投資合夥企業(有限合夥)) ("**CMB No.1 Innovation**") .	37,473,300	61,400,000
Shenzhen CMB Gongying Equity Investment Partnership (Limited Partnership) (深圳市招銀共贏股權投資合夥企業(有限合夥)) ("**CMB Gongying**")	2,197,130	3,600,000
CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership (Limited Partnership) (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥)) ("**CEC & CICC Fund**")	30,515,720	50,000,000
Zhuhai Gree Venture Capital Co., Ltd. (珠海格力創業投資有限公司) ("**Zhuhai Gree VC**")	30,515,720	50,000,000
Tianjin Shunying Investment Center (Limited Partnership) (天津順盈投資中心(有限合夥)) ("**Tianjin Shunying**")	30,515,720	50,000,000

CMB No.1 Innovation is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner of CMB No.1 Innovation is CMB International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理(深圳)有限公司), which was ultimately controlled by CMB International Capital Corporation Limited.

CMB Gongying is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. The general partner of CMB Gongying is Shenzhen Hongshu Growth Investment Management Co., Ltd. (深圳紅樹成長投資管理有限公司).

For the background information of CEC & CICC Fund, Zhuhai Gree VC and Tianjin Shunying, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

5. Equity transfer in March 2020

On March 2, 2020, Tianjin Shunying and Yuhua Hangxin Beichen (Xiamen) Investment Partnership (Limited Partnership) (譽華航芯北辰(廈門)投資合夥企業(有限合夥)) ("**Yuhua Hangxin Beichen**") entered into an equity transfer agreement, pursuant to which Tianjin Shunying transferred RMB21,361,004 of the registered capital in our Company to Yuhua Hangxin Beichen for a consideration of RMB35,000,000. The consideration was determined after arm's length negotiations between the parties with reference to the valuation of our Company under the series A investments in September 2019. For the background information of Yuhua Hangxin Beichen, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

6. Series A+ Investments in July 2020

Pursuant to the capital increase agreement dated July 10, 2020, the relevant subscribers subscribed for the registered capital of RMB18,835,089 of our Company for a total consideration of RMB40,000,000. As a result, the registered capital of our Company was increased from RMB546,217,590 to RMB565,052,679. The respective registered capital subscribed for and consideration paid by the relevant subscribers were as follows:

Subscriber(s)	New registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Jiaxing Qixin Equity Investment Partnership (Limited Partnership) (嘉興啓芯股權投資合夥企業(有限合夥)) ("**Jiaxing Qixin**")	14,126,317	30,000,000
Shenzhen Dingxin Private Equity Investment Partnership (Limited Partnership) (深圳鼎信私募股權投資合夥企業(有限合夥)) ("**Shenzhen Dingxin**")	4,708,772	10,000,000

Concurrent with the abovementioned capital increase, the following parties also entered into equity transfer agreements on July 10, 2020, respectively, pursuant to which the following transfers of equity interest in our Company were made:

Transferor(s)	Transferee(s)	Registered capital transferred	Consideration(1)
		(RMB)	*(RMB)*
CEC Optics Valley (Shenzhen)	Shenzhen Dingxin	20,493,081	33,579,022
Gongqingcheng Beidou Qihang		10,000,000	16,385,542
Shenzhen Anpeng		11,634,948	19,064,493
Shanghai SAIC VC		4,653,979	7,625,797
Shanghai Shangqi VC		4,653,979	7,625,797
Shenzhen Yuanzhi		3,490,484	5,719,348
CEC Optics Valley (Shenzhen)	Jiaxing Qixin	12,205,882	20,000,000
CEC Optics Valley (Shenzhen)	Fuzhou CITIC Bank No. 2 Investment Partnership (Limited Partnership) (福州信銀貳號投資合夥企業(有限合夥)) ("**Fuzhou CITIC Bank No. 2**")	12,205,882	20,000,000

Note:

(1) The considerations of the abovementioned equity transfers were determined after arm's length negotiations between the parties with reference to our Company's valuation under the series A investments.

For the background information of Jiaxing Qixin, Shenzhen Dingxin and Fuzhou CITIC Bank No. 2, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

7. Series A++ Investments in September 2020

Pursuant to the capital increase agreements dated September 23, 2020, the relevant subscribers subscribed for the registered capital of RMB23,543,862 of our Company for a total consideration of RMB50,000,000. As a result, the registered capital of our Company was increased from RMB565,052,679 to RMB588,596,541. The respective registered capital subscribed for and consideration paid by the relevant subscribers were as follows:

Subscriber(s)	New registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
BYD Company Limited (比亞迪股份有限公司) ("**BYD**")	23,308,423	49,500,000
Jiaxing Chuangqi Kaiying Venture Capital Partnership (Limited Partnership) (嘉興市創啓開盈創業投資合夥企業(有限合夥), previously known as Shenzhen Chuangqi Kaiying Venture Capital Partnership (Limited Partnership) (深圳市創啓開盈創業投資合夥企業(有限合夥)) ("**Jiaxing Chuangqi Kaiying**")	235,439	500,000

Concurrent with the abovementioned capital increase, following parties also entered into equity transfer agreements on September 23, 2020, respectively, pursuant to which the following transfers of equity interest in our Company were made:

Transferor(s)	Transferee(s)	Registered capital transferred	Consideration[1]
		(RMB)	*(RMB)*
Shenzhen Anpeng.	BYD	13,406,418	21,966,967
Shenzhen Anpeng.	Jiaxing Chuangqi Kaiying	176,579	289,332
Shenzhen Yuanzhi	BYD	4,074,899	6,676,890

Note:

(1) The considerations of the abovementioned equity transfers were determined after arm's length negotiations between the parties with reference to our Company's valuation under the series A investments.

For the background information of BYD and Jiaxing Chuangqi Kaiying, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

8. Restructuring of the employee shareholding platforms in September 2020

The Company used to employ a two-tier structure for its employee shareholding platforms, in which the limited partner(s) of the first-tier partnership was the second-tier partnership(s), and the share incentive scheme participants held partnership interests in the second-tier partnership(s). Gongqingcheng Beidou Qihang was the Company's first-tier employee shareholding platform. In order to streamline the structure of the employee shareholding platforms, on September 23, 2020, Gongqingcheng Beidou Qihang, Hainan Beidou Qihang Technology Investment Partnership (Limited Partnership) (海南北斗啓航科技投資合夥企業(有限合夥)) ("**Hainan Beidou Qihang**"), Gongqingcheng Beidou Shouhang Investment Management Partnership (Limited Partnership) (共青城北斗首航投資管理合夥企業(有限合夥)) ("**Gongqingcheng Beidou Shouhang**"), Gongqingcheng Beidou Huihang Investment Management Partnership (Limited Partnership) (共青城北斗慧航投資管理合夥企業(有限合夥)) ("**Gongqingcheng Beidou Huihang**", together with Hainan Beidou Qihang and Gongqingcheng Beidou Shouhang, the "**Employee Shareholding Platforms**"), and the Company entered into an equity transfer agreement, pursuant to which, Gongqingcheng Beidou Qihang transferred all equity interests in our Company held by it to Gongqingcheng Beidou Shouhang, Gongqingcheng Beidou Huihang and Hainan Beidou Qihang. Information of the abovementioned equity transfers is set forth below:

Transferor(s)	Transferee(s)	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Gongqingcheng Beidou Qihang	Hainan Beidou Qihang	38,940,000	38,940,000
	Gongqingcheng Beidou Shouhang	23,020,000	23,020,000
	Gongqingcheng Beidou Huihang	8,040,000	8,040,000

After the completion of the transfers, Employee Shareholding Platforms became the direct holders of the equity interest in our Company. For the details of these Employee Shareholding Platforms, see "— Employee Shareholding Platforms."

Prior to the entering into the abovementioned equity transfer agreement, on July 10, 2020, Shenzhen Dingxin, Hainan Beidou Qihang and the Company entered into a convertible loan agreement (the "**Convertible Loan Agreement**"), pursuant to which Shenzhen Dingxin provided a loan to Hainan Beidou Qihang to fulfil Hainan Beidou Qihang's payment obligation under the abovementioned equity transfer. During the term of the Convertible Loan Agreement, Hainan Beidou Qihang made partial repayment, and the outstanding principal balance and interest of RMB11,400,000 payable by Hainan Beidou Qihang was converted into Shares which were transferred by Hainan Beidou Qihang to Shenzhen Dingxin. See "— Establishment and Major Shareholding Changes of Our Company — 16. Conversion of Convertible Loan and Share Transfer in April 2023."

9. Equity Transfers in February 2021

On February 9, 2021, Shenzhen Anpeng entered into an equity transfer agreement with each of Civil Aviation ATG Connectivity (Shenzhen) Venture Capital Enterprise (Limited Partnership) (民航地空互聯(深圳)創業投資企業(有限合夥)) ("**Civil Aviation ATG Connectivity VC**"), Shenzhen Fibocom Investment Development Co., Ltd. (深圳市廣和通投資發展有限公司) ("**Fibocom Investment**"), Jiaxing Jiaoxin Yuheng Equity Investment Partnership (Limited Partnership) (嘉興交信玉衡股權投資合夥企業(有限合夥)) ("**Jiaxing Jiaoxin Yuheng**"), and Lijia Investment Consulting (Shenzhen) Co., Ltd. (利加投資諮詢(深圳)有限公司) ("**Lijia Consulting**"). Shenzhen Yuanzhi also entered into an equity transfer agreement with Shenzhen Hongyuan Taifu No. 1 Private Equity Investment Fund Partnership (Limited Partnership) (深圳弘遠泰富壹號私募股權投資基金合夥企業(有限合夥)) ("**Shenzhen Hongyuan Taifu No. 1**") on February 9, 2021. A brief summary of the relevant equity transfers is set forth below:

Transferor(s)	Transferee(s)	Registered capital transferred	Consideration(1)
		(RMB)	*(RMB)*
Shenzhen Anpeng.	Civil Aviation ATG Connectivity VC	10,000,000	19,200,000
Shenzhen Anpeng.	Fibocom Investment	6,000,000	11,520,000
Shenzhen Anpeng.	Jiaxing Jiaoxin Yuheng	6,000,000	11,520,000
Shenzhen Anpeng.	Lijia Consulting	2,782,055	5,341,546
Shenzhen Yuanzhi	Shenzhen Hongyuan Taifu No. 1	7,434,617	14,274,465

Note:

(1) The considerations of the abovementioned equity transfers were determined after arm's length negotiations between the parties with reference to investment cost per Share paid by the relevant **[REDACTED]** investors in the series A+ investments.

Lijia Consulting is a limited liability company established under the laws of the PRC and is principally engaged in investment consultation.

For the background information of Civil Aviation ATG Connectivity VC, Fibocom Investment, Jiaxing Jiaoxin Yuheng, and Shenzhen Hongyuan Taifu No. 1, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

10. Second Equity Transfer in February 2021

Pursuant to an equity transfer agreement entered into between CEC Optics Valley (Shenzhen) and Bosch (Shanghai) Venture Capital Co., Ltd. (博世(上海)創業投資有限公司) ("**RBCV**") on February 10, 2021, CEC Optics Valley (Shenzhen) transferred its equity interest in the registered capital of our Company of RMB25,486,230 to RBCV for a consideration of RMB65,000,000. The considerations of the abovementioned equity transfer was determined after arm's length negotiations between the parties with reference to our Company's valuation under the series A+ investments.

11. Series B Investments and Equity Transfers in May 2021

Pursuant to the capital increase agreements dated May 6, 2021, the relevant subscribers subscribed for the registered capital of RMB196,854,257 of our Company for a total consideration of RMB602,000,000. As a result, the registered capital of our Company was increased from RMB588,596,541 to RMB785,450,798. The respective registered capital subscribed for and consideration paid by the relevant subscribers were as follows:

Subscriber(s)	New registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Tianjin Jiutianshu Phase III Enterprise Management Partnership (Limited Partnership) (天津九天樹三期企業管理合夥企業(有限合夥)) ("**Tianjin Jiutianshu**")	55,590,072	170,000,000
Ningbo Haoyu Equity Investment Partnership (Limited Partnership) (寧波皓予股權投資合夥企業(有限合夥)) ("**Ningbo Haoyu**")	22,890,030	70,000,000
Suzhou Zhaoying Yunteng Equity Investment Partnership (Limited Partnership) (蘇州招贏雲騰股權投資合夥企業(有限合夥)) ("**Suzhou Zhaoying Yunteng**")	22,267,883	68,097,410
Hainan Yunfeng Fund Center (Limited Partnership) (海南雲鋒基金中心(有限合夥)) ("**Hainan Yunfeng Fund**")	19,620,026	60,000,000
Hangzhou Hongyu Youxuan Investment Management Partnership (Limited Partnership) (杭州泓聿優選投資管理合夥企業(有限合夥)) ("**Hangzhou Hongyu**")	16,350,021	50,000,000
Qianhai CSSC (Shenzhen) Smart Ocean Private Equity Fund Partnership (Limited Partnership) (前海中船(深圳)智慧海洋私募股權基金合夥企業(有限合夥)) ("**CSSC Smart Ocean**")	16,350,021	50,000,000

Subscriber(s)	New registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Jiaxing Qibi Equity Investment Partnership (Limited Partnership) (嘉興啓畢股權投資合夥企業(有限合夥)) ("**Jiaxing Qibi**")	13,080,017	40,000,000
Guangdong Rongchuang Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership) (廣東融創嶺岳智能製造與信息技術產業股權投資基金合夥企業(有限合夥)) ("**Guangdong Rongchuang Lingyue**")	9,810,013	30,000,000
Shenzhen CECport Technology Co., Ltd. (深圳中電港技術股份有限公司) ("**Shenzhen CECport**")	6,540,009	20,000,000
Shanghai Jintan Investment Management Partnership (Limited Partnership) (上海錦檀投資管理合夥企業(有限合夥)) ("**Shanghai Jintan**")	6,540,009	20,000,000
Nanchang Qingying Investment Fund (Limited Partnership) (南昌市青英投資基金(有限合夥)) ("**Nanchang Qingying**")	3,270,004	10,000,000
Nanchang Honggutan New District Hangtou Yuhua Equity Investment Center (Limited Partnership) (南昌市紅谷灘新區航投譽華股權投資中心(有限合夥)) ("**Hangtou Yuhua**")	3,270,004	10,000,000
Shenzhen Baiqian Growth Business Consulting Partnership (Limited Partnership) (深圳市佰仟成長商務諮詢合夥企業(有限合夥)) ("**Shenzhen Baiqian**")	654,001	2,000,000
Zhuhai Chengzhang Gongying	622,147	1,902,590

Concurrent with the abovementioned capital increase, on May 6, 2021, CMB No. 1 Innovation and CMB Gongying entered into an equity transfer agreement with Suzhou Zhaoying Yunteng and Zhuhai Chengzhang Gongying, pursuant to which the following transfers of equity interest in our Company were made:

Transferor(s)	**Transferee(s)**	**Registered capital transferred**	**Consideration[(1)]**
		(RMB)	*(RMB)*
CMB No.1 Innovation	Suzhou Zhaoying Yunteng	36,454,781	111,484,022
	Zhuhai Chengzhang Gongying	1,018,519	3,114,778
CMB Gongying	Suzhou Zhaoying Yunteng	2,137,412	6,536,768
	Zhuhai Chengzhang Gongying	59,718	182,632

Note:

(1) The considerations of the above equity transfers were determined after arm's length negotiations between the parties with reference to our Company's valuation under the series B investments.

For the background information of each subscriber and/or transferee participating in the series B investments, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

12. Conversion into a Joint Stock Limited Company in December 2021

On December 6, 2021, our Company was converted from a limited liability company into a joint stock limited company and renamed as Allystar Technology (Shenzhen) Co., Ltd. (深圳華大北斗科技股份有限公司) with 785,450,798 issued Shares of RMB1.00 each.

13. Series C-1 Investments in December 2021

Pursuant to the capital increase agreements dated December 20, 2021, the relevant subscribers subscribed for 28,472,591 Shares for a total consideration of RMB145,000,000. As a result, the number of issued shares of our Company was increased from 785,450,798 Shares to 813,923,389 Shares. The respective number of Shares subscribed for and consideration paid by the relevant subscribers were as follows:

Subscriber(s)	Number of new Shares subscribed for	Consideration
		(RMB)
CDB Science and Technology Venture Capital Co., Ltd. (國開科技創業投資有限責任公司) ("**CDB Science and Technology VC**")	9,818,135	50,000,000
Guangdong Lifeng Chuangxin Venture Capital Partnership (Limited Partnership) (廣東立豐創芯創業投資合夥企業(有限合夥)) ("**Guangdong Lifeng Chuangxin**")	8,639,959	44,000,000
Hainan Zhengge Innovation Private Equity Fund Partnership (Limited Partnership) (海南證格創新私募股權基金合夥企業(有限合夥)) ("**Hainan Zhengge**")	4,909,067	25,000,000
Jiaxing Qixin No. 2 Equity Investment Partnership (Limited Partnership) (嘉興啓芯二號股權投資合夥企業(有限合夥)) ("**Jiaxing Qixin No. 2**")	3,927,254	20,000,000
Guangdong Xinhong No.1 Venture Capital Partnership (Limited Partnership) (廣東鑫泓一號創業投資合夥企業(有限合夥)) ("**Guangdong Xinhong No.1**")	1,178,176	6,000,000

For the background information of each subscriber participating in the series C-1 investments, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

14. Series C-2 Investments in January 2022

Pursuant to the capital increase agreements dated January 24, 2022, the relevant subscribers subscribed for 49,117,184 Shares for a total consideration of RMB250,135,000. As a result, the number of issued shares of our Company was increased from 813,923,389 Shares to 863,040,573 Shares, and the respective number of Shares subscribed for and consideration paid by the relevant subscribers were as follows:

Subscriber(s)	Number of new Shares subscribed for	Consideration
		(RMB)
Common Home (Shenzhen) Internet Venture Capital Partnership (Limited Partnership) (共同家園(深圳)互聯網創業投資合夥企業(有限合夥)) ("**Common Home VC**") . . .	15,709,016	80,000,000
Shenzhen Envision Innovation Venture Capital Partnership (Limited Partnership) (深圳市遠景創新創業投資合夥企業(有限合夥)) ("**Shenzhen Envision**").	9,818,135	50,000,000
CETC Core Technology R&D Equity Investment Fund (Beijing) Partnership (Limited Partnership) (中電科核心技術研發股權投資基金(北京)合夥企業(有限合夥)) ("**CETC Core Technology**")	9,818,135	50,000,000
Guangdong Lifeng Hengyuan Venture Capital Partnership (Limited Partnership) (廣東立豐衡遠創業投資合夥企業(有限合夥)) ("**Guangdong Lifeng Hengyuan**").	5,890,881	30,000,000
Tongxiang Wuzhen Jiayu Digital Economy Industry Equity Investment Partnership (Limited Partnership) (桐鄉市烏鎮佳域數字經濟產業股權投資合夥企業(有限合夥)) ("**Tongxiang Wuzhen Jiayu**").	5,890,881	30,000,000
Shanghai Dongxi Investment Development Co., Ltd. (上海東熙投資發展有限公司) ("**Shanghai Dongxi**")	1,963,627	10,000,000
Yangzhou Qianyi Investment Partnership (Limited Partnership) (揚州乾益投資合夥企業(有限合夥)) ("**Yangzhou Qianyi**")	26,509	135,000

For the background information of each subscriber participating in the series C-2 investments, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

15. Equity Transfers in December 2022

Pursuant to two equity transfer agreements entered into between Lijia Consulting and Shenzhen Kangyue Tongqin Innovation Investment Enterprise (Limited Partnership) (深圳康悦同沁創新投資企業(有限合夥)) ("**Shenzhen Kangyue Tongqin**") dated December 8, 2022, Lijia Consulting transferred 2,782,055 Shares to Shenzhen Kangyue Tongqin for a total consideration of RMB14,744,800. The consideration of such share transfer was determined after arm's length negotiations between the parties with reference to our Company's valuation under the series C-2 investments.

On December 12, 2022, CEC & CICC Fund entered into a share transfer agreement with each of Jiaxing Guangge Equity Investment Partnership (Limited Partnership) (嘉興光格股權投資合夥企業(有限合夥)) ("**Jiaxing Guangge**") and Jiaxing Jingwei Equity Investment Partnership (Limited Partnership) (嘉興璟威股權投資合夥企業(有限合夥)) ("**Jiaxing Jingwei**"), pursuant to which (i) CEC & CICC Fund transferred 12,272,669 Shares to Jiaxing Guangge for a consideration of RMB50,000,000; and (ii) CEC & CICC Fund transferred 7,363,601 Shares to Jiaxing Jingwei for a consideration of RMB30,000,000. The considerations were determined after arm's length negotiations between the parties with reference to our Company's valuation under the series C-2 investments with a discount of around 20%.

For the background information of Shenzhen Kangyue Tongqin, Jiaxing Guangge and Jiaxing Jingwei, see "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

16. Conversion of Convertible Loan and Share Transfer in April 2023

On April 19, 2023, Shenzhen Dingxin, Hainan Beidou Qihang and the Company entered into a conversion and share transfer agreement, pursuant to which the total outstanding principal balance and interest payable by Hainan Beidou Qihang under the Convertible Loan Agreement of RMB11,400,000 was converted to 2,811,067 Shares based on a conversion price of RMB4.0554 per Share. The conversion price was determined after arm's length negotiations between the parties with reference to our Company's valuation under the series C-2 investments with a discount of around 20% and was settled by the transfer of the corresponding number of Shares by Hainan Beidou Qihang to Shenzhen Dingxin.

17. Share Transfers in August and September 2023

Pursuant to two equity transfer agreements entered into between BYD and Shenzhen Jiaxin No. 1 Venture Capital Partnership (Limited Partnership) (深圳嘉鑫壹號創業投資合夥企業(有限合夥)) ("**Shenzhen Jiaxin No. 1**") dated August 21, 2023 and September 11, 2023, respectively, BYD transferred 5,230,548 Shares to Shenzhen Jiaxin No. 1 for a consideration of RMB20,000,000, which was determined after arm's length negotiations between the parties with reference to our Company's valuation under the series C-2 investments with a 25% discount.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following subsidiaries made a material contribution to our results of operation during the Track Record Period:

Name of major subsidiary	Place of incorporation	Date of incorporation	Ownership as of the Latest Practicable Date	Principal business activities
Beijing Allystar	PRC	March 14, 2017	100.00%	Research and development, and products sales
Medo	PRC	February 3, 2012	53.74%	Provision of GNSS-related solutions
Hong Kong Allystar.	Hong Kong	January 17, 2017	100.00%	Research and development
Allystar Information.	Hong Kong	November 23, 2020	100.00%	Products sales and distribution

Shareholding Changes in Our Major Subsidiaries

Medo

For the shareholding changes and acquisition of Medo, see "— Major Acquisitions, Disposals and Mergers — Acquisition of Medo."

Save as disclosed above, all other major subsidiaries have been wholly owned by our Company since their respective inceptions.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Medo

Medo was established as a limited liability company under the laws of the PRC in February 2012 and is principally engaged in the provision of GNSS-related solutions, such as customized deformation monitoring solutions for water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors. Before the acquisition by our Company, Medo had received several rounds of investments from different investors, including Shanghai Jieli Angel Venture Capital Co., Ltd. (上海接力天使創業投資有限公司), Shanghai Jingjia Chuangye Jieli Venture Capital Center (Limited Partnership) (上海景嘉創業接力創業投資中心(有限合夥)), Shanghai Zhangjiang Huoju Venture Capital Co., Ltd. (上海張江火炬創業投資有限公司), Shanghai Beirei Investment Partnership (Limited Partnership) (上海北芮投資合夥企業(有限合夥)); Shanghai Jianyuan Equity Fund Partnership (Limited Partnership) (上海建元股權投資基金合夥企業(有限合夥)); Shanghai Jianyuan Investment Management Partnership (Limited Partnership) (上海建轅投資管理合夥企業(有限合夥)); and Jiangsu Xinzhi Equity Investment Management Co., Ltd. (江蘇鑫智股權投資管理有限公司).

With a view to tapping into the downstream market of the provision of GNSS-related solutions, since December 2021, through a series of acquisitions, we acquired 31.00% equity interest of Medo for a total consideration of RMB85,500,000. On February 18, 2022, we subscribed for additional registered capital in Medo for a subscription price of approximately RMB122,450,000. After the subscription, we legally held 51.00% equity interest in Medo. We further increased our ownership to 53.74% by acquiring approximately 2.74% equity interest in July 2022 for a consideration of RMB11,576,094. All the considerations and subscription prices were fully settled by August 29, 2022. The consideration of the acquisitions and capital injection was determined after arm's length negotiation between the parties with reference to, among others, the pre-money valuation of Medo as agreed by the parties. Each of the transferors involved in such transactions was an Independent Third Party at the time of the respective transfer. Our Company was of the view that this vertical integration would allow for the enrichment of downstream application scenarios and expansion of our customer base, which was a logical development and expansion plan of our Group.

As of the Latest Practicable Date, Medo was owned as to approximately 53.74% by our Company, approximately 34.34% by Mr. Li Weiyu (李瑋煜), approximately 7.10% by Shanghai Ronghe Enterprise Management Consulting Partnership (Limited Partnership) (上海融闔企業管理諮詢合夥企業(有限合夥)) ("**Shanghai Ronghe**"), approximately 4.47% by Mr. Zhou Xiaogang (周曉剛) and approximately 0.36% by Jiangsu Xinzhi Equity Investment Management Co., Ltd.. Mr. Li Weiyu currently serves as a director and the general manager in Medo, and as the executive director of Shanghai Kuitu Measurement & Control New Technology Research Co., Ltd. (上海跬圖測控新技術研究有限公司), one of our subsidiaries. Mr. Li Weiyu also holds approximately 4.29% partnership interest in Hainan Beidou Qihang. Mr. Zhou Xiaogang currently serves as a director in Medo and the executive director of Yunshang Medo (Guizhou) Technology Co., Ltd. (雲上米度(貴州)科技有限公司), one of our subsidiaries. Shanghai Ronghe is a shareholding platform. Jiangsu Xinzhi Equity Investment Management Co., Ltd. is a wholly-owned subsidiary of the Labor Union Committee of Bank of Nanjing (南京銀行工會委員會), an Independent Third Party.

As advised by our PRC Legal Advisors, the series of transactions concerning the acquisition of Medo have been properly and legally completed and settled in compliance with applicable laws and regulations of the PRC and all necessary approvals from the relevant authorities of the PRC have been obtained.

As one or more of the applicable ratios with respect to the acquisitions of Medo exceed 25% but less than 100%, the series of acquisitions and capital injection of Medo, on an aggregated basis, are considered as a major transaction, and the relevant pre-acquisition financial information is required to be disclosed pursuant to Rule 4.05A of the Listing Rules. For details of certain pre-acquisition financial information of Medo from January 1, 2022 to February 18, 2022, see note 31 of the Accountants' Report in Appendix I to this document. We have consolidated the results of operations of Medo since February 18, 2022. For details, see note 30 of the Accountants' Report in Appendix I to this document.

Save as disclosed above, we had no major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

[REDACTED] INVESTMENTS

1. Principal Terms of the [REDACTED] Investments

As of the Latest Practicable Date, we have completed several rounds of **[REDACTED]** Investments since the incorporation of our Company. The following table summarizes the key terms of the **[REDACTED]** Investments to our Company made by the **[REDACTED]** Investors:

Investment(s)	Date of agreement(s)	Date of completion	Registered capital subscribed for/transferred(1)	Shares subscribed for/transferred	Total amount of consideration	Cost per Share (approximation)	[REDACTED] to the [REDACTED] (approximation)(2)
			(RMB)		*(RMB)*	*(RMB)*	*(%)*
Investment by Shenzhen Yuanzhi	December 12, 2017	January 25, 2018	15,000,000	—	15,000,000	1.00	**[REDACTED]**
Series A (capital increase) . .	September 29, 2019	October 30, 2019	131,217,590	—	215,000,000	1.64	**[REDACTED]**
Equity transfer in March 2020.	March 2, 2020	February 28, 2020	21,361,004	—	35,000,000	1.64	**[REDACTED]**
Series A+ (capital increase) .	July 10, 2020	August 17, 2020	18,835,089	—	40,000,000	2.12	**[REDACTED]**
Series A+ (equity transfers) .	July 10, 2020	August 18, 2020	79,338,235	—	129,999,999	1.64	**[REDACTED]**
Series A++ (capital increase).	September 23, 2020	October 19, 2020	23,543,862	—	50,000,000	2.12	**[REDACTED]**
Series A++ (equity transfers).	September 23, 2020	October 19, 2020	17,657,896	—	28,933,189	1.64	**[REDACTED]**
Equity transfers in February 2021.	February 9, 2021	March 22, 2021	32,216,672	—	61,856,011	1.92	**[REDACTED]**
Second equity transfer in February 2021	February 10, 2021	March 8, 2021	25,486,230	—	65,000,000	2.55	**[REDACTED]**
Series B (capital increase) . .	May 6, 2021	July 30, 2021	196,854,257	—	602,000,000	3.06	**[REDACTED]**
Series B (equity transfers) . .	May 6, 2021	June 17, 2021	39,670,430	—	121,318,200	3.06	**[REDACTED]**
Series C-1	December 20, 2021	January 18, 2022	—	28,472,591	145,000,000	5.09	**[REDACTED]**
Series C-2	January 24, 2022	June 30, 2022	—	49,109,184	250,135,000	5.09	**[REDACTED]**

Investment(s)	Date of agreement(s)	Date of completion	Registered capital subscribed for/transferred[1]	Shares subscribed for/transferred	Total amount of consideration	Cost per Share (approximation)	[REDACTED] to the [REDACTED] (approximation)[2]
			(RMB)		*(RMB)*	*(RMB)*	*(%)*
Equity transfers in December 2022	December 8, 2022 and December 12, 2022	January 5, 2023	—	2,782,055	14,744,800	5.30	**[REDACTED]**
		December 20, 2022		19,636,270	80,000,000	4.07[3]	**[REDACTED]**
Conversion of convertible loan and share transfer in April 2023	April 19, 2023	April 19, 2023	—	2,811,067	11,400,000[4]	4.06[4]	**[REDACTED]**
Share transfers in August and September 2023.	August 21, 2023 and September 11, 2023	September 12, 2023	—	5,230,548	20,000,000	3.82[5]	**[REDACTED]**

Notes:

(1) Upon the conversion of our Company from a limited liability company to a joint stock limited liability company in December 2021, each RMB1.00 of the registered capital of our Company was converted into a Share with a nominal value of RMB1.00.

(2) The **[REDACTED]** to the **[REDACTED]** is calculated based on the currency translation of HK$1.00 to RMB[0.9162] and the assumption that the **[REDACTED]** is **[REDACTED]** per H Share (being the mid-point of the indicative **[REDACTED]** range).

(3) For details of the basis of determining the consideration of the corresponding equity transfer, see "— Establishment and Major Shareholding Changes of Our Company — 15. Equity Transfers in December 2022."

(4) The consideration was based on the total outstanding principal balance and interest payable by Hainan Beidou Qihang under the Convertible Loan Agreement as at the time of the conversion, and for details see "— Establishment and Major Shareholding Changes of Our Company — 16. Conversion of Convertible Loan and Share Transfer in April 2023."

(5) For details of the basis of determining the consideration of the corresponding share transfer, see "— Establishment and Major Shareholding Changes of Our Company — 17. Share Transfers in August and September 2023."

Basis of determining the consideration paid . . . . Saved as otherwise disclosed in "— Establishment and Major Shareholding Changes of Our Company" above, the consideration for each round of the **[REDACTED]** Investments was determined based on arm's length negotiation amongst the respective parties after taking into consideration of (i) the timing of investments, (ii) the status and prospect of our business at the time of investment, and (iii) the business resources, strategic cooperation opportunities and benefits that the **[REDACTED]** Investors could bring to our Company.

Lock-up period. . . . . Under the applicable PRC laws, all existing Shareholders (including the **[REDACTED]** Investors) are subject to a lock-up period of 12 months following the **[REDACTED]**.

Use of proceeds from the [REDACTED] Investments. . . . . Certain **[REDACTED]** Investments were effected by way of transfers by our then Shareholders, and no proceeds were received by our Company. We utilized the proceeds from other **[REDACTED]** Investments for research and development, capital expenditures and general working capital of our Group. As of the Latest Practicable Date, the net proceeds received by our Company from the **[REDACTED]** Investments involving capital increase had been fully utilized.

Strategic benefits the [REDACTED] Investments brought to our Company . . . . . . We believed that our Company could benefit from the additional capital provided by the **[REDACTED]** Investors' investments in our Company and the **[REDACTED]** Investors' knowledge and experience. We could take advantage of the **[REDACTED]** Investors' industry resources and networks, while broadening our shareholder base. The series of investments made by the **[REDACTED]** Investors in our Company reflected their consistent confidence in the business of our Group and served as an endorsement of our performance and future prospects.

2. Special rights of the [REDACTED] Investors

Pursuant to the latest shareholders' agreement dated January 24, 2022 (the "**Shareholders' Agreement**"), as of the Latest Practicable Date, 38 **[REDACTED]** Investors (collectively hold approximately 63.48% of the total equity interest in our Company) have been granted certain special rights, including, among others, veto rights in respect of certain matters at shareholders' meetings, rights to nominate directors and board observers, pre-emptive rights, anti-dilution rights, dividend rights, redemption rights, liquidation rights, information rights, most-favored treatment rights (the "**[REDACTED] Special Rights**").

Redemption Rights

Since the series A investments, unless otherwise agreed in the relevant agreements, each **[REDACTED]** Investors of our Company other than those who acquired equity from founding shareholders or Shenzhen Yuanzhi (the "**Eligible [REDACTED] Investor(s)**") have been granted the redemption rights.

Prior to November 2021, the person responsible for the share repurchase upon the exercise of the redemption rights by **[REDACTED]** Investors was our Company, provided that, if applicable laws, regulations or regulatory authorities deemed the repurchase by our Company unenforceable, or if other shareholders failed to cooperate in passing a resolution at a shareholders' meeting to effectuate the repurchase, Gongqingcheng Beidou Qihang or the Employee Shareholding Platforms (as the case may be) would assume the obligation to repurchase the relevant shares. In November 2021, in light of our Company's conversion into a joint stock company, relevant parties agreed to terminate our Company's repurchase obligation, which should be transferred to and assumed by the Employee Shareholding Platforms, and our Company's obligation to repurchase the relevant shares would not be reinstated under any circumstances. The grant of redemption rights by the Employee Shareholding Platforms to the Eligible **[REDACTED]** Investors was determined based on commercial considerations among the parties, after considering: (i) the commonality for the **[REDACTED]** investors to demand redemption rights in private equity investments; and (ii) our management personnel and employees responsible for the operation of our Company were among the limited partners who held the interests of the Employee Shareholding Platforms.

Each of the shareholders' agreements of our Company following the above adjustment, including the Shareholders' Agreement (as defined above), provides that the Eligible **[REDACTED]** Investors shall have rights to demand the Employee Shareholding Platforms to repurchase all or part of our Shares held by these **[REDACTED]** Investors upon the occurrence of certain triggering events, including (i) no qualified **[REDACTED]** being completed by June 6, 2025; (ii) the representations and warranties made by our Company or the Employee Shareholding Platforms in the transaction documents in respect of the **[REDACTED]** investments being inaccurate or incomplete in material respects or containing material omissions, or material breach by our Company or the Employee Shareholding Platforms on the terms of the transaction documents which cause material adverse effect on the interests of the **[REDACTED]** investors; (iii) material contravention by our Group or Employee Shareholding Platforms of laws and regulations resulting in disruption to the ordinary operations of our Group; (iv) the redemption rights becoming exercisable or being exercised by other shareholders; (v) voluntary or involuntary termination of the employment of Mr. Sun with our Company, or the presence of circumstances that constitute substantive obstacles to a qualified **[REDACTED]** (with exceptions for legal/policy barriers or board-approved exits); and (vi) major legal changes that severely impair the operations of our principal business.

In the event of the exercise of redemption rights by **[REDACTED]** Investors (the "**Requesting [REDACTED] Investors**"), the Employee Shareholding Platforms shall be jointly liable to make the repurchases at the price specified in the Shareholders' Agreement and such liability shall be capped at the fair market value of the number of our Shares held by Employee Shareholding Platforms at the time of repurchases. The fair market value shall be the higher of (i) the fair market value as agreed by our Company, the Employee Shareholding Platforms and the Requesting **[REDACTED]** Investors; (ii) the value corresponding to the audited net assets of our Company for the most recent financial year; or (iii) the appraised value of the net assets of our Company as assessed by an independent valuer jointly appointed by our Company, the Employee Shareholding Platforms, the Requesting **[REDACTED]** Investors. If multiple Requesting **[REDACTED]** Investors exercise their redemption rights, Shares subscribed or acquired in later investment rounds will be repurchased with higher priority. If the Employee Shareholding Platforms cannot repurchase all Shares from a specific investment round held by the Requesting **[REDACTED]** Investors, repurchase payments will be distributed proportionally based on each Requesting **[REDACTED]** Investor's repurchase price relative to the total repurchase price of all Requesting **[REDACTED]** Investors in that round. However, if the Employee Shareholding Platforms cannot repurchase all Shares from each or all Requesting **[REDACTED]** Investors, neither our Company nor other Shareholders are obligated under the Shareholders' Agreement to repurchase the remaining Shares or compensate those Requesting **[REDACTED]** Investors.

In view of the limitations on the repurchase obligations described above, the repurchase liability assumed by the Employee Shareholding Platforms as a result of mutual compromise with the **[REDACTED]** investor's demands is relatively limited.

The aggregate shareholding of the Employee Shareholding Platforms (or their predecessor, Gongqingcheng Beidou Qihang) had never surpassed CEC Optics Valley (Shenzhen)'s shareholding or exceeded 30% of the total equity interest of our Company since our establishment. The redemption rights as described above were not granted by our Company and our Company has no controlling shareholder as defined in the Listing Rules.

Our Company confirmed that all of the **[REDACTED]** Special Rights which are required to be terminated or amended (where applicable) pursuant to Chapter 4.2 of the Guide are being procured to be and will be terminated or amended before the **[REDACTED]**.

3. Compliance with the Guide

On the basis that (i) the consideration for the last **[REDACTED]** Investment was irrevocably settled on a date, which is more than 28 clear days before the date of our first submission of the **[REDACTED]** application form with the Stock Exchange in relation to the **[REDACTED]**; and (ii) the Company has confirmed that all of the **[REDACTED]** Special Rights which are required to be terminated or amended (where applicable) pursuant to Chapter 4.2 of the Guide are being procured to be and will be terminated or amended before the **[REDACTED]**, the Joint Sponsors confirm that the **[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide.

4. PRC Legal Advisors' Confirmation

Our PRC Legal Advisors have confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations with relevant governmental authorities in the PRC with respect to all the aforesaid capital increases and equity transfers in all material respects.

5. Information relating to our [REDACTED] Investors

Tianjin Jiutianshu and Hangzhou Hongyu

Tianjin Jiutianshu is a limited partnership established under the laws of the PRC and is principally engaged in corporate management. As of the Latest Practicable Date, Xiamen Yuanfeng Equity Investment Fund Partnership (Limited Partnership) (廈門源峰股權投資基金合夥企業(有限合夥)) ("**Yuanfeng Equity**") was the only limited partner of Tianjin Jiutianshu holding 99.95% partnership interest. The general partner of Yuanfeng Equity was Xiamen Yuanfeng Investment Co., Ltd. (廈門源峰投資有限公司) ("**Xiamen Yuanfeng**"). Yuanfeng Equity had 40 limited partners and each of them is an Independent Third Party holding less than one-third interest therein. Xiamen Yuanfeng held 0.05% partnership interest and served as the sole general partner of Tianjin Jiutianshu. Xiamen Yuanfeng was owned as to 90.91% by Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) ("**Beijing Panmao**") and as to 9.09% by Tianjin Rongsheng Enterprise Management Co., Ltd. (天津熔升企業管理有限公司). Beijing Panmao was owned by Nie Lei (聶磊), Tian Yu (田宇), Yin Qi (尹奇), He Yongbin (何勇兵), Zhuang Yongnan (莊永南) and Tang Ke (唐柯) as to 30.00%, 30.00%, 10.00%, 10.00%, 10.00% and 10.00% respectively, each of whom being an Independent Third Party.

Hangzhou Hongyu is a limited partnership established under the laws of the PRC and is principally engaged in investment management. As of the Latest Practicable Date, the only limited partner is Shanghai Hehuayuan Enterprise Management Centre (Limited Partnership) (上海荷花緣企業管理中心(有限合夥)), an Independent Third Party, holding 99.60% partnership interest in Hangzhou Hongyu. The general partners of Hangzhou Hongyu were Suzhou Changrui Asset Management Co., Ltd. (蘇州常瑞資產管理有限公司), ("**Suzhou Changrui**") and Shanghai Hehua Equity Investment Fund Co., Ltd. (上海荷花股權投資基金有限公司) ("**Hehua Equity Investment**"), each holding 0.20% partnership interest. Suzhou Changrui was a wholly-owned subsidiary of Beijing Changrui Asset Management Co., Ltd. (北京常瑞資產管理有限公司) ("**Beijing Changrui**"). Beijing Changrui was owned by Tian Yu (田宇), Nie Lei (聶磊), Chen Wulin (陳五林) as to 40.00%, 40.00% and 20.00% respectively, each of whom being an Independent Third Party. Hehua Equity Investment is a limited liability company incorporated in the PRC, whose single largest shareholder is Wind Information Co., Ltd. (萬得信息技術股份有限公司), an Independent Third Party.

Shenzhen Dingxin

Shenzhen Dingxin is a limited partnership established under the laws of the PRC and is principally engaged in equity investment and investment management. As of the Latest Practicable Date, Xinyin Growth (Shenzhen) Equity Investment Fund (Limited Partnership) (信銀成長(深圳)股權投資基金(有限合夥)) ("**Xinyin Growth**") was the only limited partner of Shenzhen Dingxin holding 99.9995% partnership interest. The limited partner of Xinyin Growth was CNCB (Hong Kong) Investment Co., Ltd. (信銀(香港)投資有限公司) ("**CNCB Investment**") holding 99.9983% partnership interest, which was a wholly-owned subsidiary of China CITIC Bank Corporation Limited (中信銀行股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601998) and on the Stock Exchange (stock code: 00998). The general partner of Xinyin Growth was Xinyin (Shenzhen) Equity Investment Fund Management Co. Ltd. (信銀(深圳)股權投資基金管理有限公司) ("**Xinyin (Shenzhen) Equity**"), which was a wholly-owned subsidiary of CNCB Investment. Dinghui Equity Management (Tianjin) Co., Ltd. (鼎暉股權投資管理(天津)有限公司) ("**Dinghui Equity**") held 0.0005% partnership interest and served as the sole general partner of Shenzhen Dingxin. Dinghui Equity was owned as to 85.40% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) ("**Tianjin Taiding**") and 14.60% by China National Investments and Guaranty Corporation (中國投融資擔保股份有限公司), an Independent Third Party, and is primarily engaged in guarantee businesses with its shares listed on NEEQ (stock code: 834777).

Suzhou Zhaoying Yunteng

Suzhou Zhaoying Yunteng is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had 20 limited partners and each of the 20 limited partners was an Independent Third Party and held less than one-third interest therein. As of the Latest Practicable Date, the general partner of Suzhou Zhaoying Yunteng was China Merchants Bank International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理(深圳)有限公司), which is an indirect wholly-owned subsidiary of China Merchants Bank Co., Ltd. (招商銀行股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600036) and on the Stock Exchange (stock code: 03968).

Jiaxing Qixin, Jiaxing Qixin No. 2 and Jiaxing Qibi

Jiaxing Qixin is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had 22 limited partners and each of them was an Independent Third Party and held less than one-third interest therein.

Jiaxing Qixin No. 2 is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had five limited partners and each of them was an Independent Third Party and held less than one-third interest therein.

Jiaxing Qibi is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had nine limited partners and each of them was an Independent Third Party. Among the nine limited partners, Beijing Huaixin Yiyuan Investment Co., Ltd. (北京懷鑫宜源投資有限公司) ("**Huaixin Yiyuan**") held 54.05% partnership interest in Jiaxing Qibi and the other limited partners held less than one-third interest therein. Huaixin Yiyuan was wholly-owned by Beijing Chaolin Industrial Co., Ltd. (北京朝林實業有限公司), which was ultimately controlled by Zhao Quanlin (趙泉林), an Independent Third Party.

The general partner of Jiaxing Qixin, Jiaxing Qixin No. 2 and Jiaxing Qibi was Qidi Yulin (Beijing) Investment Management Co., Ltd. (啓迪裕麟(北京)投資管理有限公司), which was ultimately controlled by Pan Yongwei (潘永偉), an Independent Third Party.

BYD and Jiaxing Chuangqi Kaiying

BYD is a joint stock company established under the laws of the PRC. It is principally engaged in automobile business which mainly includes new energy vehicles, handset components and assembly services, rechargeable batteries and photovoltaics business. Meanwhile, with its technological advantage, the Group actively develops urban rail transportation business segment. It is dually listed on the Stock Exchange (stock code: 01211) and the Shenzhen Stock Exchange (stock code: 002594).

Jiaxing Chuangqi Kaiying is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had ten limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Jiaxing Chuangqi Kaiying was Jiaxing Chuangqi Kaiying Enterprise Management Co., Ltd. (嘉興市創啓開盈企業管理有限公司) which was owned by Li Min (李敏) and Li Lu (李路) as to 50.00% each, each of whom being an Independent Third Party.

Jiaxing Chuangqi Kaiying is a co-investment platform (員工跟投平台) of the employees of BYD.

Yuhua Hangxin Beichen, Hangtou Yuhua and Tianjin Shunying

Yuhua Hangxin Beichen is a limited partnership established under the laws of the PRC and is principally engaged in industrial investment. As of the Latest Practicable Date, it had three limited partners and each of them was an Independent Third Party. Among the three limited partners, Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理有限公司) held 65.71% partnership interest in Yuhua Hangxin Beichen and each of the other limited partners held less than one-third interest therein. The general partner of Yuhua Hangxin Beichen was Beijing Yuhua Private Equity Fund Management Co., Ltd. (北京譽華私募基金管理有限公司) which was an indirect wholly-owned subsidiary of AVIC Industry-Finance Holdings Co., Ltd. (中航工業產融控股股份有限公司), a company controlled by the SASAC of the State Council ("**AVIC Industry-Finance**").

Hangtou Yuhua is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had four limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partners of Hangtou Yuhua were Nanchang Honggutan New District Hangyu Equity Investment Co., Ltd. (南昌市紅谷灘新區航譽股權投資有限公司) ("**Hangyu Equity**") and Beijing Yuhua Private Equity Fund Management Co., Ltd., with Hangyu Equity being the executive partner. Hangyu Equity was owned by AVIC Industry Investment Co., Ltd. (中航產業投資有限公司) ("**AVIC Industry-Investment**"), Jiangxi Honggutan Financial Holding Co., Ltd. (江

西紅谷灘金融控股有限公司) ("**Jiangxi Honggutan**"), and Nanchang Avenue Investment Limited Liability Company (南昌大道投資有限責任公司) as to 45.00%, 40.00% and 15.00% respectively. AVIC Industry-Investment was a wholly-owned subsidiary of AVIC Industry-Finance. Jiangxi Honggutan was owned by Nanchang Honggutan Urban Investment Group Co., Ltd. (南昌市紅谷灘城市投資集團有限公司), AVIC Trust Co., Ltd. (中航信託股份有限公司), and B-energy Holdings Co., Ltd. (博能控股股份有限公司) as to 35.00%, 33.00% and 32.00% respectively.

Tianjin Shunying is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, the limited partner of Tianjin Shunying was AVIC Aviation Industry Investment Co., Ltd. (中航航空產業投資有限公司), held 99.99% partnership interest, which was a wholly-owned subsidiary of AVIC Industry-Finance. The general partner of Tianjin Shunying was Tianjin Yufeng Equity Investment Management Co., Ltd. (天津裕豐股權投資管理有限公司), which was ultimately controlled by AVIC Industry-Finance.

Zhuhai Gree VC

Zhuhai Gree VC is a limited liability company established under the laws of the PRC and is principally engaged in venture capital business. Zhuhai Gree VC is wholly-owned by Zhuhai Gree Financial Investment Management Co., Ltd. (珠海格力金融投資管理有限公司), which is ultimately owned by the SASAC of Zhuhai People's Government (珠海市人民政府國有資產監督管理委員會).

Common Home VC and Shenzhen Envision

Common Home VC is a limited partnership established under the laws of the PRC and is principally engaged in investment activities. The general partner of Common Home VC is Shenzhen Envision Innovation Enterprise Management Co., Ltd. (深圳市遠景創新企業管理有限公司), which is ultimately owned by Greater Bay Area Homeland Investments Limited (大灣區共同家園投資有限公司) and the fund manager of Common Home VC is Guangdong-Hong Kong-Macao Greater Bay Area Common Home Development Fund Management Co., Ltd. (粵港澳大灣區共同家園發展基金管理有限公司), which indirectly wholly-owned by Greater Bay Area Homeland Investments Limited. Greater Bay Area Homeland Investments Limited is a company incorporated in Hong Kong with limited liability that is owned by a number of industrial institutions, financial institutions and new economic enterprises, each of which holds less than 15.00% shareholding therein. As of the Latest Practicable Date, the limited partner of Common Home VC was Shenzhen Common Home Capital Co., Ltd. (深圳市共同家園資本有限公司) ("**Common Home Capital**"), holding 99.80% partnership interest, and was an Independent Third Party. Common Home Capital was indirectly wholly-owned by GBA Fund Investment Limited. GBA Fund Investment Limited is under the control of Greater Bay Area Homeland Development

Fund LP (大灣區共同家園發展基金有限合夥) ("**Greater Bay Area Fund**"). The general partner of Greater Bay Area Fund is Greater Bay Area Homeland Development Fund (GP) Limited, and Greater Bay Area Fund is a fund that was jointly established by industrial corporations, financial institutions, and new economic enterprises under the laws of the Cayman Islands. Greater Bay Area Fund is under discretionary management of Greater Bay Area Development Fund Management Limited ("**GBA Fund Management**"). Each of Greater Bay Area Homeland Development Fund (GP) Limited and GBA Fund Management is controlled by Greater Bay Area Homeland Investments Limited.

Shenzhen Envision is a limited partnership established under the laws of the PRC and is principally engaged in investment activities. The general partner of Shenzhen Envision is Shenzhen Envision Innovation Enterprise Management Co., Ltd. and the fund manager of Shenzhen Envision is Guangdong-Hong Kong-Macao Greater Bay Area Common Home Development Fund Management Co., Ltd.. As of the Latest Practicable Date, Shenzhen Envision had two limited partners and each of them was an Independent Third Party. Among which, Shenzhen Common Home Management Co., Ltd. (深圳市共同家園管理有限公司) held 94.90% partnership interest in Shenzhen Envision. Shenzhen Common Home Management Co., Ltd. is also indirectly wholly owned by Greater Bay Area Homeland Investments Limited.

RBCV

RBCV is a limited liability company established under the laws of the PRC and is principally engaged in venture capital business. As of the Latest Practicable Date, RBCV was an indirect wholly-owned subsidiary of Bosch (China) Investment Ltd. (博世(中國)投資有限公司), an indirect wholly-owned subsidiary of Robert Bosch GmbH, a multinational technology and services company established and headquartered in Germany.

Ningbo Haoyu

Ningbo Haoyu is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had twelve limited partners and each of them was an Independent Third Party and held less than one-third interest therein. As of the Latest Practicable Date, the general partner of Ningbo Haoyu was Shanghai CDH Fushun Investment Partnership (Limited Partnership) (上海鼎暉孚舜投資合夥企業(有限合夥)) ("**CDH Fushun**"). The sole limited partner of CDH Fushun was Zhao Huaiying (趙懷英) holding 0.60% partnership interest. The general partner of CDH Fushun was Jiaxing CDH Baifu Enterprises Management Co., Ltd. (嘉興鼎暉百孚企業管理有限公司), holding 99.40% partnership interest, which was owned by Zhao Huaiying (趙懷英), Fang Xiuli (方秀麗), Wang Ran (王冉), Liu Yu (劉瑜), Gao Minghai (高明海) as to 20.00% each, all of them being Independent Third Parties.

Hainan Yunfeng Fund

Hainan Yunfeng Fund is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had five limited partners and each of them was an Independent Third Party. The general partner of Hainan Yunfeng Fund was Hainan Yunfeng Enterprise Management Centre (Limited Partnership) (海南雲鋒企業管理中心(有限合夥)), holding 1.45% partnership interest, which was ultimately owned by Yu Xuedong (虞學東), an Independent Third Party.

CSSC Smart Ocean

CSSC Smart Ocean is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had three limited partners and each of them was an Independent Third Party. Among its limited partners, CSSC Investment Development Co. Ltd. (中船投資發展有限公司) ("**CSSC Investment**") and Shenzhen Qianhai Capital Management Co., Ltd. (深圳市前海資本管理有限公司) ("**Qianhai Capital**") held 39.34% and 39.34% partnership interest in CSSC Smart Ocean, respectively. Qianhai Capital was wholly-owned by Qianhai Financial Holdings Limited (前海金融控股有限公司), which was ultimately controlled by The Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (深圳市前海深港現代服務業合作區管理局). The general partner of CSSC Smart Ocean was Qianhai CSSC (Shenzhen) Private Equity Fund Management Co., Ltd. (前海中船(深圳)私募股權基金管理有限公司), holding 1.31% partnership interest, which was owned by CSSC Investment, Qianhai Marine Industry Investment Company Limited (前海海洋產業投資有限公司) ("**Qianhai Marine**") and Beijing CUFE Long Ma Capital Investment Co., Ltd. (北京中財龍馬資本投資有限公司) as to 45.00%, 45.00% and 10.00%, respectively. CSSC Investment was ultimately owned by the SASAC of the State Council (國務院國有資產監督管理委員會) and Qianhai Marine was ultimately owned by Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone Administration.

Guangdong Lifeng Chuangxin, Guangdong Lifeng Hengyuan and Guangdong Xinhong No. 1

Guangdong Lifeng Chuangxin is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had 30 limited partners and each of them was an Independent Third Party and held less than one-third interest therein.

Guangdong Lifeng Hengyuan is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had five limited partners and each of them was an Independent Third Party. Among which, Yu Xinzi (余欣姿) held 41.80% partnership interest and each of the other limited partners held less than one-third partnership interest.

Guangdong Xinhong No. 1 is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had 13 limited partners and each of them was an Independent Third Party and held less than one-third interest therein.

The general partner of Guangdong Lifeng Chuangxin, Guangdong Lifeng Hengyuan and Guangdong Xinhong No. 1 was Guangzhou Lifeng Private Equity Fund Management Co., Ltd. (廣州立豐私募基金管理有限公司), which was ultimately controlled by Qiu Xionghui (邱雄輝), an Independent Third Party.

Jiaxing Guangge

Jiaxing Guangge is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had 19 limited partners, each of whom being an Independent Third Party and held less than one-third interest therein. The general partner of Jiaxing Guangge was Guanghe (Hainan) Private Equity Fund Management Co., Ltd. (光合(海南)私募基金管理有限公司), which was controlled by Zhang Dongmei (張冬梅), an Independent Third Party.

Fuzhou CITIC Bank No. 2

Fuzhou CITIC Bank No. 2 is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, the sole limited partner of Fuzhou CITIC Bank No. 2 was Xinyin (Shenzhen) Equity, holding 99.998% partnership interest. The general partner of Fuzhou CITIC Bank No. 2 was Shanghai Xinyin Haisi Investment Management Co., Ltd. (上海信銀海絲投資管理有限公司), holding 0.002% partnership interest, which was a wholly-owned subsidiary of CNCB Investment.

CEC & CICC Fund

CEC & CICC Fund is a limited partnership established under the laws of the PRC in May 2018 and is principally engaged in investment management. The general partner of CEC & CICC Fund is CEC & CICC (Xiamen) Electronics Industry Private Equity Investment Management Co., Ltd. (中電中金(廈門)電子產業私募股權投資管理有限公司) ("**CEC & CICC**"), which is owned by CICC Capital Management Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**") as to 51.00%, and by CEC through China Information Security Research Institute Co., Ltd. (中國信息安全研究院有限公司), a wholly-owned subsidiary of CEC, and CEC Optics Valley (Shenzhen), as to 29.00% and 20.00%, respectively. CICC Capital is a wholly-owned subsidiary of China International Capital Corporation Limited, a company listed on the Stock Exchange (stock code: 03908) and Shanghai Stock Exchange (stock code: 601995).

CEC & CICC Fund has 15 limited partners, among which CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟融(廈門)股權投資基金合夥企業 (有限合夥)) ("**CICC Qirong**") is its largest limited partner and holds 21.27% of the partnership interest in CEC & CICC Fund. None of the remaining limited partners holds one-third or more of the partnership interest of CEC & CICC Fund. The general partner of CICC Qirong is CICC Capital.

Civil Aviation ATG Connectivity VC

Civil Aviation ATG Connectivity VC is a limited partnership established under the laws of the PRC and is principally engaged in venture capital business. As of the Latest Practicable Date, it had ten limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Civil Aviation ATG Connectivity VC was Civil Aviation Investment Fund Management Co., Ltd. (航投私募基金管理有限公司) ("**Aviation Investment**"). Aviation Investment was owned as to 20.00% by Beijing Hangxing Airport Management Co., Ltd. (北京航興機場管理有限公司) ("**Hangxing Airport**"), 20.00% by Gaoheng Asset Management (Beijing) Co., Ltd. (高恒資產管理(北京)有限公司) ("**Gaoheng Asset**"), 20.00% by Capital Airports Holdings Co., Ltd. (首都機場集團有限公司) ("**Capital Airports**"), 15.00% by Aviation Data Communication Corporation (民航數據通信有限責任公司) ("**Civil Aviation Data**"), 15.00% by Beijing Green Code New Infrastructure Management Consultant Co. (北京綠碼新基建管理顧問有限公司) ("**Green Code**") and 10.00% by Air Union Insurance Brokers Co., Ltd. (航聯保險經紀有限公司) ("**Air Union Insurance**"), all being Independent Third Parties. Hangxing Airport was owned by Gao Wei (高巍), Zhao Ying (趙影) and Xu Yuee (徐月娥) as to 43.75%, 37.5% and 18.75% respectively, each of whom was an Independent Third Party. Gaoheng Asset was ultimately controlled by Gao Jianming (高建明), who was an Independent Third Party. Capital Airports was ultimately controlled by Civil Aviation Administration of China (中國民用航空局). Civil Aviation Data was ultimately controlled by Air Traffic Management Bureau, CAAC (中國民用航空局空中交通管理局). Green Code was owned by Aircraft Owners and Pilots Association of China (中國航空器擁有者及駕駛員協會), Ke Boyi (柯伯軼) and Gao Shan (高山) as to 46.15%, 38.46% and 15.39% respectively, each of whom being an Independent Third Party. Air Union Insurance was jointly founded by state-owned enterprises and is mainly engaged in insurance brokerage services.

CETC Core Technology and Yangzhou Qianyi

CETC Core Technology is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had twelve limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of CETC Core Technology was CETC Netcom Private Equity Fund Management Co., Ltd. (中電科網信私募基金管理有限公司) ("**CETC Netcom**"), which was ultimately controlled by the SASAC of the State Council (國務院國有資產監督管理委員會).

Yangzhou Qianyi is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had 14 limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Yangzhou Qianyi was An Peng (安鵬), an Independent Third Party, holding approximately 37.17% partnership interest therein.

Yangzhou Qianyi is an investment platform of the employees of CETC Netcom, the general partner of CETC Core Technology.

CDB Science and Technology VC

CDB Science and Technology VC is a limited liability company established under the laws of the PRC and is principally engaged in venture capital business. As of the Latest Practicable Date, CDB Science and Technology VC was an indirect wholly-owned subsidiary of China Development Bank (國家開發銀行) ("**CDB**"). CDB was owned by the Ministry of Finance of the PRC (中華人民共和國財政部), Central Huijin Investment Ltd. (中央匯金投資有限責任公司) ("**Central Huijin**"), Buttonwood Investment Holding Co., Ltd. (梧桐樹投資平台有限責任公司) ("**Buttonwood Investment**") and the National Council for Social Security Fund (全國社會保障基金理事會) of the PRC as to 36.53%, 34.68%, 27.19% and 1.59% respectively. Central Huijin was ultimately controlled by the State Council (國務院). Buttonwood Investment was ultimately controlled by Central Foreign Exchange Operations Centre of the State Administration of Foreign Exchange (國家外匯管理局中央外匯業務中心).

Guangdong Rongchuang Lingyue

Guangdong Rongchuang Lingyue is a limited partnership established under the laws of the PRC and is principally engaged in private equity investment. As of the Latest Practicable Date, it had 14 limited partners and each of them was an Independent Third Party, among which, TCL Technology Group Corporation (TCL科技集團股份有限公司) ("**TCL Technology**") held 36.95% partnership interest and each of the other limited partner held less than one-third interest therein. TCL Technology is a company listed on the Shenzhen Stock Exchange (stock code: 000100). The general partner of Guangdong Rongchuang Lingyue was Shenzhen Qianhai Zhongxin Rongchuang Venture Capital Co., Ltd. (深圳前海中新融創創業投資有限公司) ("**Qianhai Zhongxin**"). Qianhai Zhongxin was owned by China Innovative Capital Management Limited (中新融創資本管理有限公司) ("**China Innovative Capital**") and Guangdong Yuecai Venture Capital Investment Co., Ltd. (廣東粵財創業投資有限公司) as to 90.00% and 10.00% respectively. China Innovative Capital was owned by TCL Technology, Beijing Zhonghai Jiacheng Enterprise Management Co., Ltd. (北京中海嘉誠企業管理有限公司) ("**Zhonghai Jiacheng**"), Tibet Yingfeng Jiacheng Investment Management Partnership (Limited Partnership) (西藏盈豐嘉誠投資管理合夥企業(有限合夥)), Ningbo Xitu Enterprise Management Co., Ltd. (寧波蹊圖企業管理有限公司) as to 49.00%, 35.80%, 10.20% and 5.00% respectively. Zhonghai Jiacheng was ultimately controlled by Xie Zhikun (解直錕), an Independent Third Party.

Shenzhen Hongyuan Taifu No. 1

Shenzhen Hongyuan Taifu No. 1 is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, the limited partner of Shenzhen Hongyuan Taifu No. 1 was Hefei Langrun Asset Management Co., Ltd. (合肥朗潤資產管理有限公司), held 99.00% partnership interest, and was ultimately controlled by Xiao Lin (筱璘), an Independent Third Party. The general partner of Shenzhen Hongyuan Taifu No. 1 was Vanho Capital Co., Ltd. (萬和弘遠投資有限公司), which was a wholly-owned subsidiary of Vanho Securities Co. Ltd. (萬和證券股份有限公司), which was ultimately controlled by the SASAC of Shenzhen People's Government (深圳市人民政府國有資產監督管理委員會).

Jiaxing Jingwei

Jiaxing Jingwei is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had four limited partners and each of them was an Independent Third Party. Zhejiang Yuejian Holding Co., Ltd. (浙江越劍控股有限公司) and Jiaxing Jingguan Equity Investment Partnership (Limited Partnership) (嘉興璟冠股權投資合夥企業(有限合夥)) held 50.79% and 32.25% partnership interest, respectively, with none of the remaining limited partners holding one-third of the partnership interest or more. Zhejiang Yuejian Holding Co., Ltd. was ultimately controlled by Sun Jianhua (孫

劍華), an Independent Third Party. Jiaxing Jingguan Equity Investment Partnership (Limited Partnership) had six limited partners, and the largest limited partner was Hangzhou Weiguang Electronic Co., Ltd. (杭州微光電子股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002801), holding 30.00% partnership interest. The general partner of both Jiaxing Jingwei and Jiaxing Jingguan Equity Investment Partnership (Limited Partnership) was Shanghai Zeyi Venture Capital Co., Ltd. (上海澤壹創業投資有限公司), which was ultimately controlled by Sang Zehua (桑澤華) and Wu Jiakai (吳嘉凱) as to 51.00% and 34.00% respectively, each of whom was an Independent Third Party.

Shenzhen CECport

Shenzhen CECport is a joint stock company established under the laws of the PRC. It is principally engaged in technology development and sales of electronic components, integrated circuits, optoelectronic products, semiconductors, solar energy products, instrumentation accessories, digital TV broadcasting products and communication products. It is listed on the Shenzhen Stock Exchange (stock code: 001287) with China Electronics International Information Service Co., Ltd. (中國中電國際信息服務有限公司) being its controlling shareholder, which was owned as to 81.66% by CEC.

Shanghai Jintan

Shanghai Jintan is a limited partnership established under the laws of the PRC and is principally engaged in investment management. As of the Latest Practicable Date, it had seven limited partners and each of them was an Independent Third Party. Among the seven limited partners, Xue Naishi (薛乃實) held 49.98% partnership interest and each of the other limited partners held less than one-third partnership interest. The general partner of Shanghai Jintan was Shanghai Vulcan Asset Management Co., Ltd. (上海沃肯資產管理有限公司), which was owned by Zhang Yinhan (張吟含), Li Wei (李薇) and Chen Ling (陳玲) as to 50.00%, 30.00% and 20.00% respectively, each of whom was an Independent Third Party.

Fibocom Investment

Fibocom Investment is a limited liability company established under the laws of the PRC and is principally engaged in venture capital business. As of the Latest Practicable Date, Fibocom Investment was wholly-owned by Fibocom Wireless Inc. (深圳市廣和通無線股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300638).

Jiaxing Jiaoxin Yuheng

Jiaxing Jiaoxin Yuheng is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had ten limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Jiaxing Jiaoxin Yuheng was Jiaoxin (Shanghai) Private Equity Fund Management Co., Ltd. (交信(上海)私募基金管理有限公司), which was owned by CITIC Capital Equity Investment (Tianjin) Co., Ltd. (中信資本股權投資(天津)股份有限公司), China Transport Telecommunications & Information Group Co., Ltd. (交通運輸通信信息集團有限公司) ("**Transport Communication**"), Shanghai Licheng Equity Investment Fund Management Co., Ltd. (上海里城股權投資基金管理有限公司) and Shanghai Langrong Investment Management Co., Ltd. (上海朗榮投資管理有限公司) as to 30.00%, 30.00%, 24.00% and 16.00% respectively. Transport Communication was a wholly-owned subsidiary of China Transport Telecommunications & Information Centre (中國交通通信信息中心).

Tongxiang Wuzhen Jiayu

Tongxiang Wuzhen Jiayu is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had four limited partners and each of them was an Independent Third Party. Among the four limited partners, Shenzhen Konka Investment Holding Co., Ltd. (深圳市康佳投資控股有限公司), which was a wholly-owned subsidiary of Konka Group Co., Ltd. (康佳集團股份有限公司), the shares of which were listed on the Shenzhen Stock Exchange (stock code: 000016), held 40.00% partnership interest and each of the other limited partners held less than one-third partnership interest. The general partner of Tongxiang Wuzhen Jiayu was Tongxiang Wuzhen Kunyu Venture Capital Co., Ltd. (桐鄉市烏鎮昆域創業投資有限公司), which was owned by Shenzhen Rongchuang Dinghe Investment Development Co., Ltd. (深圳市融創鼎禾投資發展有限公司) ("**Rongchuang Dinghe**"), Shenzhen Konka Capital Equity Investment Management Co., Ltd. (深圳康佳資本股權投資管理有限公司) ("**Konka Capital**"), Shenzhen Kunyu Venture Capital Co., Ltd. (深圳市昆域創業投資有限公司), and Kangkong Venture Capital (Shenzhen) Co. (康控創業投資(深圳)有限公司) as to 36.00%, 35.00%, 24.00%, 5.00% respectively. Rongchuang Dinghe was ultimately controlled by Xu Yuchen (徐語晨), an Independent Third Party. Konka Capital was a wholly owned subsidiary of Shenzhen Konka Investment Holding Co., Ltd..

Shenzhen Jiaxin No. 1

Shenzhen Jiaxin No. 1 is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had eight limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Shenzhen Jiaxin No. 1 was Synergetic Innovation Fund Management Co., Ltd. (協同創新基金管理有限公司), which was owned by Gongqingcheng Wanshou Investment Management Partnership (Limited Partnership) (共青城萬壽投資管理合夥企業(有限合夥)) ("**Gongqingcheng Wanshou**"), Gongqingcheng Heshun Investment Partnership (Limited Partnership) (共青城禾順投資合夥企業(有限合夥)) ("**Gongqingcheng Heshun**"), Gongqingcheng Dexinyi Investment Management Partnership (Limited Partnership) (共青城德馨毅投資管理合夥企業(有限合夥)), Yiyang Group Co., Ltd. (億陽集團股份有限公司), Shenzhen Liutai Group Co., Ltd. (深圳市六泰集團有限公司), Industry, Education and Research (Beijing) Technology Promotion Center Co., Ltd. (產學研(北京)科技促進中心有限公司) and Ding Renyin (丁壬寅) as to approximately 32.82%, 30.00%, 14.67%, 10.00%, 8.00%, 2.50% and 2.00%, respectively. The general partner of both Gongqingcheng Wanshou and Gongqingcheng Heshun was Li Wanshou (李萬壽) an Independent Third Party.

Hainan Zhengge

Hainan Zhengge is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. As of the Latest Practicable Date, it had three limited partners and each of them was an Independent Third Party, among which, Shenzhen Yingtong Investment Development Co., Ltd. (深圳市盈通投資發展有限公司) ("**Shenzhen Yingtong**") held 69.00% partnership interest and each of the other limited partners held less than one-third partnership interest. Shenzhen Yingtong was owned by Zhang Zhifeng (張志峰) and Wang Xinhai (王新海) as to 99.17% and 0.83% respectively and each of them was an Independent Third Party. The general partner of Hainan Zhengge was Zhengge (Shanghai) Private Equity Fund Management Co., Ltd. (證格(上海)私募基金管理有限公司), which was ultimately controlled by Zhang Zhifeng (張志峰), an Independent Third Party.

Nanchang Qingying

Nanchang Qingying is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, the sole limited partner was Nanchang Jiangling Dingsheng Investment Management Co., Ltd. (南昌市江鈴鼎盛投資管理有限公司) holding approximately 99.38% partnership interest, which was a wholly-owned subsidiary of Jiangling Motors Group Co., Ltd. (江鈴汽車集團有限公司) and was ultimately controlled by the SASAC of Nanchang (南昌市國有資產監督管理委員會). The general partner of Nanchang Qingying was Nanchang Dingfu Fund Management Co., Ltd. (南昌市鼎富基金管理有限公司), which was also ultimately controlled by the SASAC of Nanchang.

Shanghai Dongxi

Shanghai Dongxi is a limited liability company established under the laws of the PRC and is principally engaged in industrial investment. Shanghai Dongxi is owned by Ling Chao (淩超), an Independent Third Party as to 99.00%.

Shenzhen Kangyue Tongqin

Shenzhen Kangyue Tongqin is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had eight limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Shenzhen Kangyue Tongqin was Shenzhen Qianhai Kangyue Asset Management Co., Ltd. (深圳前海康悅資產管理有限公司), which was ultimately controlled by Huang Ping (黃平), an Independent Third Party.

Zhuhai Chengzhang Gongying

Zhuhai Chengzhang Gongying is a limited partnership established under the laws of the PRC and is principally engaged in venture capital investment. As of the Latest Practicable Date, it had seven limited partners and each of them was an Independent Third Party and held less than one-third interest therein. The general partner of Zhuhai Chengzhang Gongying was Shenzhen Hongshu Growth Investment Management Co., Ltd., an Independent Third Party.

Shenzhen Baiqian

Shenzhen Baiqian is a limited partnership established under the laws of the PRC and is principally engaged in information consultation. As of the Latest Practicable Date, the limited partner of Shenzhen Baiqian was Li Minxia, (李敏霞) who held 30.00% partnership interest. The general partner of Shenzhen Baiqian was Fang Qiao (方巧), an Independent Third Party, who held 70.00% partnership interest.

FULL CIRCULATION

Our Company has applied for H Share full circulation to **[REDACTED]** an aggregate of **[REDACTED]** Unlisted Shares held by **[REDACTED]** existing Shareholders, representing approximately **[REDACTED]** of the total issued Shares of our Company as of the Latest Practicable Date and approximately **[REDACTED]** of the total issued Shares of our Company upon completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised). For details, see "— Shareholding of Our Company."

PUBLIC FLOAT

Immediately upon completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised), the Company will have **[REDACTED]** Unlisted Shares and **[REDACTED]** H Shares, among which:

(i) the **[REDACTED]** Unlisted Shares (representing approximately **[REDACTED]** of our total issued Shares upon **[REDACTED]**, assuming the completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised) will not be considered as part of the public float as such Unlisted Shares will not be **[REDACTED]** into H Shares; and

(ii) among the **[REDACTED]** H Shares, a total of **[REDACTED]** H Shares held by Employee Shareholding Platforms and to be **[REDACTED]** from Unlisted Shares into H Shares, representing approximately **[REDACTED]** of our total issued Shares as of the Latest Practicable Date and approximately **[REDACTED]** of our total issued Shares upon **[REDACTED]** (assuming completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** and assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised), will not be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules, as each of the Employee Shareholding Platforms is managed by its general partner, Shenzhen Beidou Qihang Industrial Co., Ltd. (深圳市北斗啓航實業有限公司) ("**Beidou Qihang**"), which is owned as to 99.00% by Mr. Sun, the Chairman of our Board, an executive Director and our president, each of the Employee Shareholding Platforms is a close associate of Mr. Sun and therefore a core connected person of our Company.

To the best of our Directors' knowledge, information and belief and having made all reasonable inquiries, save as disclosed above, upon the completion of the **[REDACTED]** and the **[REDACTED]** of certain Unlisted Shares into H Shares, **[REDACTED]** H Shares to be held by our Shareholders who are not our core connected persons, representing approximately **[REDACTED]** of our total issued Shares upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised), will be counted towards the public float according to Rule 8.08 of the Listing Rules, which exceeds 25.00% of the shareholding of our Company.

SHAREHOLDING OF OUR COMPANY

The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon the **[REDACTED]** (assuming the completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised):

	As of the Latest Practicable Date			Immediately after Completion of the [REDACTED] (assuming the [REDACTED] and the options granted under the [REDACTED] Share Option Scheme are not exercised)		
Name of Shareholder	**Number of Shares**	**Description of Shares**	**Approximate Ownership Percentage**	**Number of Shares**	**Description of Shares**	**Approximate Ownership Percentage**
CEC Optics Valley (Shenzhen)	79,608,925	Unlisted Shares	9.224%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Dingxin	62,446,310	Unlisted Shares	7.236%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Suzhou Zhaoying Yunteng	60,860,076	Unlisted Shares	7.052%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tianjin Jiutianshu	55,590,072	Unlisted Shares	6.441%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Jinjia	40,000,000	Unlisted Shares	4.635%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ningbo Bird	40,000,000	Unlisted Shares	4.635%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hainan Beidou Qihang	36,128,933	Unlisted Shares	4.186%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
BYD	35,559,192	Unlisted Shares	4.120%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Zhuhai Gree VC	30,515,720	Unlisted Shares	3.536%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Jiaxing Qixin	26,332,199	Unlisted Shares	3.051%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
RBCV	25,486,230	Unlisted Shares	2.953%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Gongqingcheng Beidou Shouhang	23,020,000	Unlisted Shares	2.667%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ningbo Haoyu	22,890,030	Unlisted Shares	2.652%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Yuhua Hangxin Beichen	21,361,004	Unlisted Shares	2.475%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hainan Yunfeng Fund	19,620,026	Unlisted Shares	2.273%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hangzhou Hongyu	16,350,021	Unlisted Shares	1.895%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

	As of the Latest Practicable Date			Immediately after Completion of the [REDACTED] (assuming the [REDACTED] and the options granted under the [REDACTED] Share Option Scheme are not exercised)		
Name of Shareholder	Number of Shares	Description of Shares	Approximate Ownership Percentage	Number of Shares	Description of Shares	Approximate Ownership Percentage
CSSC Smart Ocean	16,350,021	Unlisted Shares	1.895%	[REDACTED]	[REDACTED]	[REDACTED]
Common Home VC	15,709,016	Unlisted Shares	1.820%	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Shangqi VC	15,346,021	Unlisted Shares	1.778%	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai SAIC VC.	15,346,021	Unlisted Shares	1.778%	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Qibi	13,080,017	Unlisted Shares	1.516%	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Guangge	12,272,669	Unlisted Shares	1.422%	[REDACTED]	[REDACTED]	[REDACTED]
Fuzhou CITIC Bank No. 2.	12,205,882	Unlisted Shares	1.414%	[REDACTED]	[REDACTED]	[REDACTED]
CEC & CICC Fund	10,879,450	Unlisted Shares	1.261%	[REDACTED]	[REDACTED]	[REDACTED]
Civil Aviation ATG Connectivity VC	10,000,000	Unlisted Shares	1.159%	[REDACTED]	[REDACTED]	[REDACTED]
CDB Science and Technology VC	9,818,135	Unlisted Shares	1.138%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Envision	9,818,135	Unlisted Shares	1.138%	[REDACTED]	[REDACTED]	[REDACTED]
CETC Core Technology	9,818,135	Unlisted Shares	1.138%	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Rongchuang Lingyue	9,810,013	Unlisted Shares	1.137%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Shunying	9,154,716	Unlisted Shares	1.061%	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Lifeng Chuangxin	8,639,959	Unlisted Shares	1.001%	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Beidou Huihang	8,040,000	Unlisted Shares	0.932%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Hongyuan Taifu No. 1	7,434,617	Unlisted Shares	0.861%	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jingwei	7,363,601	Unlisted Shares	0.853%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen CECport	6,540,009	Unlisted Shares	0.758%	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Jintan	6,540,009	Unlisted Shares	0.758%	[REDACTED]	[REDACTED]	[REDACTED]
Fibocom Investment	6,000,000	Unlisted Shares	0.695%	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jiaoxin Yuheng	6,000,000	Unlisted Shares	0.695%	[REDACTED]	[REDACTED]	[REDACTED]
Tongxiang Wuzhen Jiayu	5,890,881	Unlisted Shares	0.683%	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Lifeng Hengyuan	5,890,881	Unlisted Shares	0.683%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Jiaxin No. 1	5,230,548	Unlisted Shares	0.606%	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Zhengge	4,909,067	Unlisted Shares	0.569%	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Qixin No. 2	3,927,254	Unlisted Shares	0.455%	[REDACTED]	[REDACTED]	[REDACTED]
Nanchang Qingying	3,270,004	Unlisted Shares	0.379%	[REDACTED]	[REDACTED]	[REDACTED]

	As of the Latest Practicable Date			Immediately after Completion of the [REDACTED] (assuming the [REDACTED] and the options granted under the [REDACTED] Share Option Scheme are not exercised)		
Name of Shareholder	Number of Shares	Description of Shares	Approximate Ownership Percentage	Number of Shares	Description of Shares	Approximate Ownership Percentage
Hangtou Yuhua	3,270,004	Unlisted Shares	0.379%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Kangyue Tongqin	2,782,055	Unlisted Shares	0.322%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanghai Dongxi	1,963,627	Unlisted Shares	0.228%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Zhuhai Chengzhang Gongying	1,700,384	Unlisted Shares	0.197%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Guangdong Xinhong No. 1	1,178,176	Unlisted Shares	0.137%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Baiqian	654,001	Unlisted Shares	0.076%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Jiaxing Chuangqi Kaiying	412,018	Unlisted Shares	0.048%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Yangzhou Qianyi	26,509	Unlisted Shares	0.003%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Sub-total	**863,040,573**	**Unlisted Shares**	**100.00%**	**[REDACTED]**	**Unlisted Shares**	**[REDACTED]**
				[REDACTED]	**H Shares**	**[REDACTED]**
Other investors taking part in the **[REDACTED]**	—	—	—	**[REDACTED]**	H Shares	**[REDACTED]**
Total	**863,040,573**		**100.00%**	**[REDACTED]**		**[REDACTED]**

PREVIOUS A-SHARE LISTING PLANS

The Company entered into a tutoring agreement (輔導協議) with CITIC Securities Company Limited (中信證券股份有限公司) in preparation for the A share listing application ("**A-Share Listing Plan**") and made a preliminary filing (上市輔導備案) with the Shenzhen office of CSRC (中國證券監督管理委員會深圳監管局) on October 11, 2022. Later on July 19, 2023, we entered into a new tutoring agreement with Haitong Securities Co., Ltd. (海通證券股份有限公司) and CITIC Securities Company Limited and, on the even date, we made a new preliminary filing with the Shenzhen office of CSRC. After considering the macro-policy at the time and our own financing strategies, we voluntarily ceased the A-Share Listing Plan without filing any formal listing application with CSRC or any stock exchange in the PRC. Accordingly, the tutoring agreements with Haitong Securities Co., Ltd. and CITIC Securities Company Limited were terminated based on mutual agreement between parties on April 12, 2024 and April 15, 2024, respectively.

During tutoring in preparation for the A-Share Listing Plan, we did not encounter any disagreements with the professional parties or the CSRC. To further expand our business and considering that the Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas investors, we started the preparation of the **[REDACTED]** on the Stock Exchange. As of the Latest Practicable Date, we have neither filed any formal A share listing application with any representative office of the CSRC nor received any material comments or inquiries from the CSRC or any stock exchange in the PRC.

Our Directors confirmed that there are no other matters relating to the A-Share Listing Plans that may affect the Company's suitability for **[REDACTED]** on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange and investors. Based on the above and the Joint Sponsors' due diligence work, the Joint Sponsors concurred with the Directors' view that nothing in relation to the Previous A-Share Listing Plan has come to their attention which may materially adversely affect our Company's suitability for the **[REDACTED]** and which should be brought to the Stock Exchange's attention.

REASONS FOR SEEKING THE [REDACTED] ON THE STOCK EXCHANGE

Our Company is seeking a **[REDACTED]** of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to promote further development of the Company and enhance its competitiveness. For further details of our future plans, see "Future Plans and **[REDACTED]**."

EMPLOYEE SHAREHOLDING PLATFORMS

As of the Latest Practicable Date, the information of our Employee Shareholding Platforms was as follows:

1. Hainan Beidou Qihang

Hainan Beidou Qihang was established as a limited partnership under the laws of the PRC on July 2, 2020. The general partner of Hainan Beidou Qihang is Beidou Qihang, which is owned by Mr. Sun and Ms. Zheng Hanxiao (鄭寒瀟), chief financial officer of our Company and director of Medo as to 99.00% and 1.00%, respectively. As of the Latest Practicable Date, Hainan Beidou Qihang, which directly held approximately 4.19% equity interest in our Company, had 44 limited partners, being Mr. Sun (our chairman of our Board, executive Director and president), Mr. Li Weiyu (director of certain our subsidiaries), Mr. Ge Chen (葛晨) (secretary of the Board and director of Medo), Mr. Hou Xuebin (侯學斌) (supervisor of Medo), Ms. Zheng Hanxiao, Mr. Zhou

Xiaogang (周曉剛) (director of certain our subsidiaries), Ms. Tong Zhen (童真) (supervisor of certain our subsidiaries), and 37 other grantees (including current employees and a former Director of our Company).

2. Gongqingcheng Beidou Shouhang

Gongqingcheng Beidou Shouhang was established as a limited partnership under the laws of the PRC on October 13, 2016. The general partner of Gongqingcheng Beidou Shouhang is Beidou Qihang. As of the Latest Practicable Date, Gongqingcheng Beidou Shouhang, which directly held approximately 2.67% equity interest in our Company, had 46 limited partners, being Mr. Sun, Mr. Lu Wei (鹿偉) (our executive Director), Mr. Ge Chen, Mr. Hou Xuebin, Ms. Tong Zhen, Ms. Zheng Hanxiao, and 40 other grantees (including current and former employees and a former Director of our Company).

3. Gongqingcheng Beidou Huihang

Gongqingcheng Beidou Huihang was established as a limited partnership under the laws of the PRC on January 2, 2018. The general partner of Gongqingcheng Beidou Huihang is Beidou Qihang. As of the Latest Practicable Date, Gongqingcheng Beidou Huihang, which directly held approximately 0.93% equity interest in our Company, had 17 limited partners, being Mr. Lu Wei, Mr. Hou Xuebin, Ms. Zheng Hanxiao, and 14 current employees of our Group.

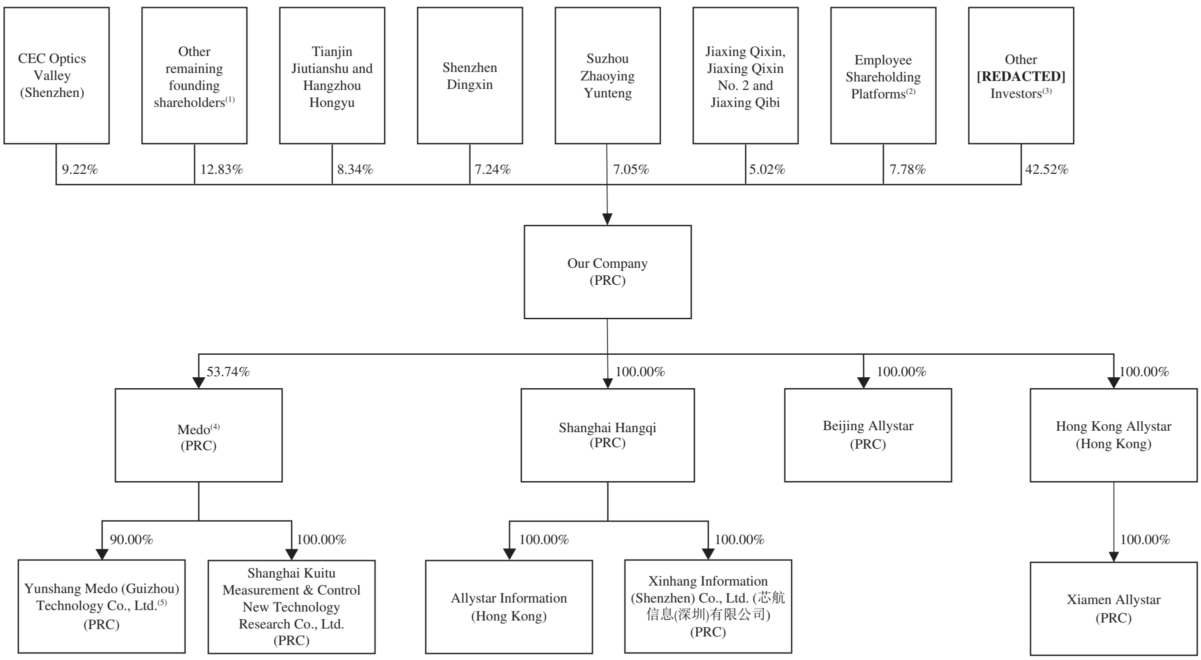
[REDACTED] SHARE OPTION SCHEME

Our Company has adopted a **[REDACTED]** Share Option Scheme on May 28, 2025. Pursuant to the **[REDACTED]** Share Option Scheme, the maximum number of Shares in respect of which share options may be granted shall not exceed 15,000,000 Shares, representing approximately **[REDACTED]** of our Company's issued share capital immediately after the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised). As of the Latest Practicable Date, the Company had granted share options to subscribe for an aggregate of 15,000,000 Shares under the **[REDACTED]** Share Option Scheme, representing approximately **[REDACTED]** of our Company's issued share capital immediately after the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised). The Company will not grant further share options under the **[REDACTED]** Share Option Scheme after the **[REDACTED]**. See "Appendix VI — Statutory and General Information — D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme."

CORPORATE STRUCTURE

Corporate Structure immediately prior to the completion of the [REDACTED]

The following chart sets forth our shareholding structure immediately prior to the completion of the **[REDACTED]**:



Notes:

(1) Comprising Shenzhen Jinjia, Ningbo Bird, Shanghai SAIC VC and Shanghai Shangqi VC (received the equity interest in our Company from Shanghai Shangqi due to the internal arrangement. See note (6) to "— Establishment and Major Shareholding Changes of Our Company — 2. Establishment of Our Company and the Acquisition of the Navigation Chips Business.")

(2) Comprising Gongqingcheng Beidou Shouhang, Gongqingcheng Beidou Huihang and Hainan Beidou Qihang. See "— Employee Shareholding Platforms" and "Appendix VI — Statutory and General Information — D. **[REDACTED]** Share Incentive Schemes — Employee Share Ownership Plan."

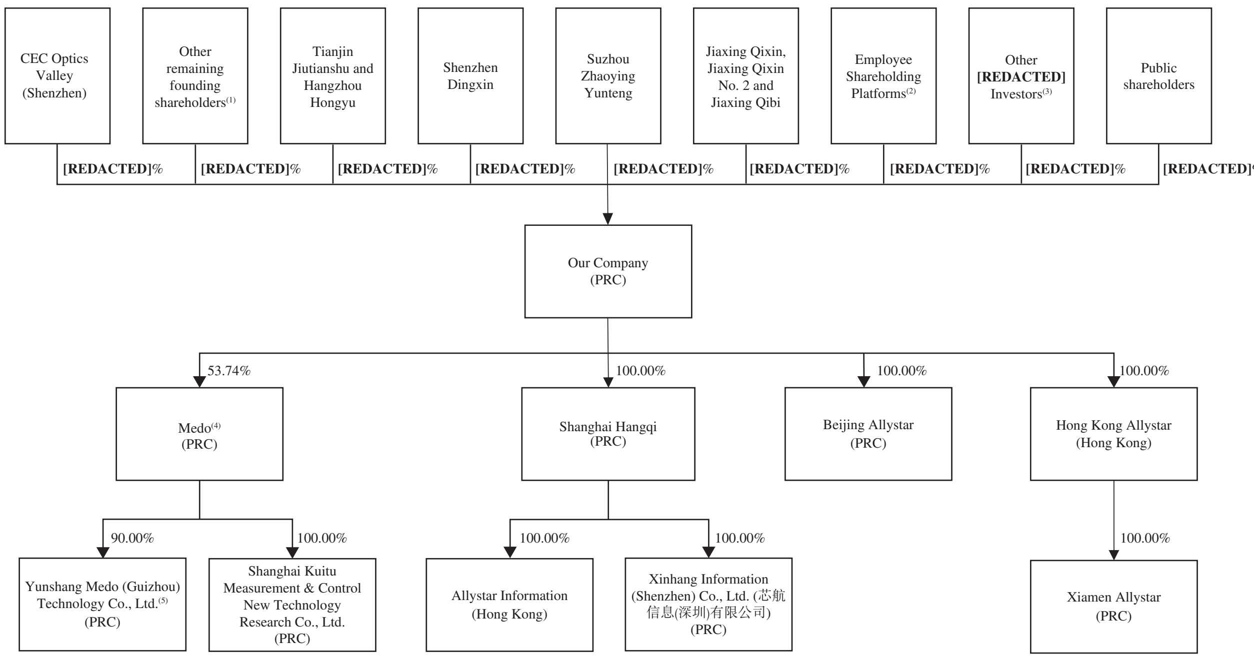
(3) Comprising a total of 37 **[REDACTED]** Investors each holding less than 5.00% of the issued share capital of our Company immediately prior to the completion of the **[REDACTED]**. See "— **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors" and "— Public Float."

(4) For the information of the shareholders of the remaining 46.26% equity interest, see "— Major Acquisitions, Disposals and Mergers — Acquisition of Medo."

(5) As of the Latest Practicable Date, the remaining 10.00% equity interest in Yunshang Medo (Guizhou) Technology Co., Ltd. was held by Yushang Guizhou Big Data Industrial Development Co., Ltd. (雲上貴州大數據產業發展有限公司), a subsidiary of Guizhou Big Data (Group) Co., Ltd. (雲上貴州大數據(集團)有限公司), which was in turn ultimately controlled by the SASAC of Guizhou People's Government (貴州省人民政府國有資產監督管理委員會).

Corporate Structure immediately following the completion of the [REDACTED]

The following chart sets forth our shareholding structure immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised):



Note: See the notes to "— Corporate Structure — Corporate Structure immediately prior to the completion of the **[REDACTED]**."

OVERVIEW

Vision

Locate and connect everything on the Earth and beyond.

Mission

We are dedicated to delivering spatial positioning services leveraging BeiDou and other global navigation satellite systems, making everything easily locatable and interconnected.

Who we are

We are a leading provider of spatial positioning services in China powered by the BeiDou satellite navigation system. Headquartered in Shenzhen, China, we are a leading provider in navigation and positioning chip design, offering chips and modules that support BeiDou and major global GNSS systems, along with GNSS-related solutions. Our strengths lie in advanced chip-level dual-frequency high-precision positioning technology, low-power solutions, and highly integrated SoC design technology, giving us a significant competitive edge in the industry. In 2024, our shipments of GNSS chips and modules reached 16.1 million units, and according to the CIC Report, we are the sixth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of GNSS chips and modules, with a global market share of 4.8%. In 2024, we are the fourth-largest global GNSS spatial positioning services provider and the largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of dual-frequency high-precision RF baseband integrated GNSS chips and modules, with a global market share of 10.5%, according to the same source.

We offer a comprehensive portfolio of GNSS chips, modules, and related solutions tailored to a diverse range of applications. We also provide comprehensive chip and module products, selling a broad product portfolio of communication and memory products that are essential to a wide variety of electronic equipment. Our core products include standard precision and high-precision chips applied in the field of mass consumption, high-precision chips applied in professional and special fields such as automotive and transportation, and BeiDou short message communication chips applied in the fields of mass consumption electronics and industrial applications. Our GNSS chips, modules and related solutions for bike-sharing, intelligent driving, smart phones, smart wearable devices, the Internet of Things ("**IoT**"), weather monitoring and deformation monitoring enable precise and efficient navigation and positioning, position tracking, displacement monitoring and satellite communications.

With a strong commitment to innovation, we invest significantly in research and development (R&D) to maintain our competitive edge. Our R&D team specializes in GNSS technology, focusing on high-integration SoC design, chip-level dual-frequency high-precision positioning technology, ultra-low power consumption technology, AI integrated positioning algorithms, and multi-source fusion navigation. We have pioneered key technologies, including single-chip multi-frequency positioning, dynamic anti-interference filtering, and ultra-low power consumption solutions. Our chips support a wide range of satellite systems, including BeiDou, GPS, GLONASS, Galileo, QZSS, and NavIC, ensuring global coverage and superior accuracy.

Our technological advancements and industry contributions have earned us numerous accolades. We have received awards such as "China Patent Excellence Award (中國專利優秀獎)," the "Satellite Navigation and Positioning Science and Technology Award — Gold Award of the Innovation and Application Award for Satellite Navigation and Positioning (衛星導航定位科學技術獎 — 衛星導航定位創新應用獎金獎)," the 11th China Technology Market Association Golden Bridge Award (第十一屆中國技術市場協會金橋獎) from the Technology Market Association of China, the "Guangdong Provincial Science and Technology Progress Award — Second Prize (廣東省科技進步獎二等獎)," and "Hong Kong Awards for Industries: Technological Achievement Certificate of Merit (香港工商業獎: 科技成就優異證書)." Additionally, we were recognized as one of the "Specialized and Innovative Little Giant Enterprises (專精特新"小巨人"企業)" by the Ministry of Industry and Information Technology, further solidifying our position as a leading GNSS chip technology company.

We have demonstrated strong financial growth, driven by increasing adoption of BeiDou-based solutions and expanding market demand for high-precision navigation. Our revenue decreased slightly from RMB698.0 million in 2022 to RMB645.1 million in 2023 but increased significantly to RMB840.3 million in 2024. Our R&D investments have remained a significant portion of our total expenses, underscoring our long-term commitment to technological advancement. As we continue to scale our business and improve cost efficiencies, we anticipate further revenue growth and a continued path toward sustained profitability in the coming years.

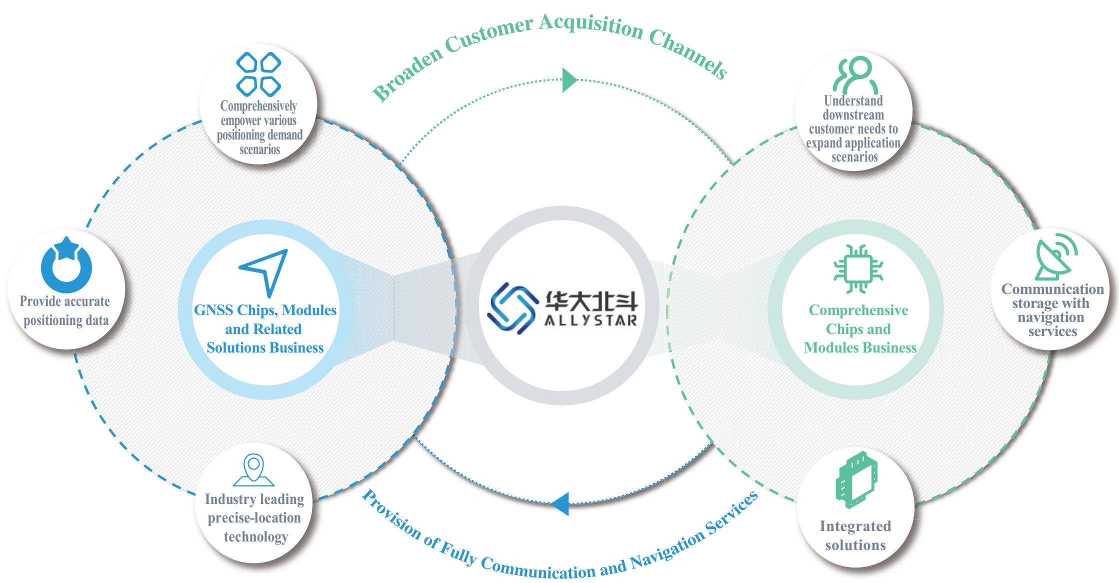
OUR BUSINESS MODEL

We offer extensive products and solutions along the satellite navigation and positioning industry value chain, with a strategic priority on the design and sale of BeiDou GNSS chips, modules and related solutions. Our business lines primarily consist of: (i) GNSS chips, modules and related solutions business, and (ii) comprehensive chips and modules business.

Our business model is built on an integrated approach where our two business lines complement each other. We prioritize the design and sale of BeiDou GNSS chips, modules and related solutions, while also offering a range of third-party chip solutions, such as communication and storage chips, to meet the needs of downstream integrators and solution providers as per their requests. The comprehensive chip and module business is a strategic extension of our navigation and positioning business. Through these complementary offerings, we are able to serve our customers' comprehensive needs for GNSS and other types of chips and modules relevant to their businesses, thereby creating long-term engagement opportunities that ultimately drive the growth of our core business. This strategy allows us to establish deep customer relationships and build a strong supply chain foundation, paving the way for expanded adoption of our core navigation and positioning products as well as meeting different demands of our downstream customers.

Synergies Between Business Lines

We operate our two business lines in a synergistic manner:



- Our GNSS chips, modules and related solutions business and comprehensive chips and modules business share certain common downstream customers, such as Internet companies, communication equipment integrators, IoT companies, as well as manufacturers of mobile phones, automobile, modules and trackers. The customers often need a variety of chips and modules with functions of communications and storage. The third-party products we sold are mainly communication baseband chips, storage chip modules and RF chips, which complement our own GNSS chips, modules and related solutions and help better meet customers' comprehensive needs.

- The customer overlap between our GNSS chips, modules and related solutions business and comprehensive chips and modules business creates plenty of cross-selling opportunities and increases the sales of our own GNSS chips, modules and related solutions, as well as the various types of third-party chips and modules we sold. It is also conducive to further understanding the downstream market demand of both GNSS chips and modules and other types of chips and modules we sold.

- The products under these two business lines are highly complementary, creating a robust foundation for technological synergy. GNSS chips provide precise location data, while communication and RF chips enable seamless data transmission and connectivity, essential for modern applications like IoT, autonomous vehicles, drones, and smart devices. Storage modules further enhance these capabilities by ensuring rapid data processing and retention. Our products enable our customers to combine accurate positioning with reliable communication, addressing the growing demand for integrated systems in industries like smart transportation and mobile communications. This strategic alignment provides us a potential to provide comprehensive, high-performance solutions for the convergence of navigation and communication technologies.

Market Opportunities

With advancements in science and technology, navigation and positioning chips and services have emerged as vital components driving the digital economy and intelligent society. Fueled by maturation of navigation and positioning technology alongside the integration of communication and navigation, and supported by cutting-edge technologies such as intelligent driving, IoT, 5G telecommunication, and AI, the application scenarios for GNSS chips and services have expanded significantly. They now encompass a diverse range of fields, including autonomous vehicles, smart cities, industrial automation, precision agriculture, and low-altitude economy, in addition to traditional consumer electronics and road traffic.

High-precision navigation and positioning are not only essential for realizing the IoT, but also serve as key drivers for industrial upgrading and innovation, creating new opportunities across various sectors. As demand grows in downstream application areas such as consumer electronics, intelligent driving, smart transportation, low-altitude economy and agriculture, the global GNSS spatial positioning solution industry continues to expand, maintaining a high growth trajectory. Our leading position and technological advantages position us in a favorable position to capitalize on the above-mentioned market opportunities.

According to the CIC Report, the scale of the global GNSS spatial positioning service market is RMB2,095.3 billion in 2023. From 2019 to 2023, China's GNSS spatial positioning service market expanded from RMB417.4 billion to RMB485.7 billion, achieving a CAGR of 3.9%. Looking ahead, the scale of the global GNSS spatial positioning service market is anticipated to maintain a robust growth trajectory, potentially reaching approximately RMB3,245.0 billion by 2028, with a CAGR of 9.1% from 2023 to 2028. Similarly, China's GNSS spatial positioning service market is projected to approach RMB954.0 billion by 2028, with a CAGR of 14.5% from 2023 to 2028.

The strategic position of China's BeiDou satellite navigation system within the global navigation and positioning landscape is steadily improving. As of December 31, 2024, the BeiDou navigation system has launched 60 satellites, including 30 of the latest BeiDou-3 global system networking satellites, capable of providing high-precision navigation and positioning services across most parts of the world. Compared to other satellite navigation systems such as GPS, BeiDou offers unique advantages that facilitate a complementary relationship among these systems, according to the CIC Report. With the strategic integration of the BeiDou satellite navigation system into new infrastructure projects and the digital economy in China, coupled with continuous innovations in high-precision terminal applications, the CAGR of GNSS chip and module shipments for downstream applications of the BeiDou satellite navigation system is projected to reach 16.2% from 2023 to 2028, according to the CIC Report.

COMPETITIVE STRENGTHS

A pioneering and leading spatial positioning service provider in China based on the BeiDou satellite navigation system

We are a leading provider of spatial positioning services in China powered by the BeiDou satellite navigation system. Headquartered in Shenzhen, China, we are a leading provider in navigation and positioning chip design, offering chips and modules that support BeiDou and major global GNSS systems, along with GNSS-related solutions. Our strengths lie in advanced chip-level dual-frequency high-precision positioning technology, low-power solutions, and highly integrated SoC design technology, giving us a significant competitive edge in the industry. In 2024, our shipments of GNSS chips and modules reached 16.1 million units, and according to the CIC Report, we are the sixth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of GNSS chips and modules, with a global market share of 4.8%. In 2024, we are the fourth-largest global GNSS spatial positioning services provider and the largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of dual-frequency high-precision RF baseband integrated GNSS chips and modules, with a global market share of 10.5%, according to the same source.

We hold a dominant position in specific application areas within the Chinese market. For instance, as of December 31, 2024, our sales volume of GNSS chips applied in bike-sharing industry surpassed 15 million units according our internal sales records, capturing over 90% of the total BeiDou high-precision bike-sharing market, according to the CIC Report. Additionally, we were one of the largest suppliers in China of high-precision navigation chips for applications in weather monitoring as well as transportation vehicles management in 2024, according to the CIC Report. Furthermore, according to the CIC Report, among the component and receiver manufacturers in the Consumer Solutions, Tourism and Health Value Chain listed in the 2022 "Market Report on Earth Observation and Global Satellite Navigation Systems" from EUSPA, we are the only mainland Chinese company focusing on the development and sales of GNSS chips and modules mainly comprising of satellite navigation and positioning functions.

As a forerunner in the industry, we have been actively engaged in the GNSS spatial positioning service sector for many years, establishing significant first-mover advantages. We have focused on BeiDou GNSS chips, continuously advancing core chip design technology. We prioritize high-integration SoC design architecture and innovative concepts utilizing advanced processes, ensuring our chips excel in positioning accuracy, performance, power efficiency, cost-effectiveness, high integration, and miniaturization. We grew out of the navigation chip design division of CEC Huada Electronic Design Co., Ltd. (北京中電華大電子設計有限責任公司) ("**HED**"), a subsidiary of China Electronics Huada Technology Company Limited (中國電子華大科技有限公司) which is a company listed in Hong Kong Stock Exchange (code: 00085), providing us with a solid foundation in baseband and RF integrated design, algorithm research, and product solutions for BeiDou GNSS chips. According to CIC, the navigation chip design division of HED, successfully mass-produced a baseband and RF-integrated SoC BeiDou GNSS chip in 2024, marking a significant achievement in the industry. In 2016, we inherited the core technology and R&D team of HED's navigation chip unit, laying a solid foundation for our subsequent development in satellite positioning technologies. We have completed iterative upgrades across four generations. Our more recent HD814X series with state of art processing technology, are now among the advanced in terms of functionality in the industry. These technological upgrades have continuously set new benchmarks in domestic GNSS chip development while reducing chip size, power consumption, and cost. Our products have evolved significantly in terms of supported satellite systems and frequency. Our current chips now support a comprehensive multi-satellite system including "BeiDou + GPS + GLONASS + Galileo + QZSS + NavIC" with multi-frequency joint positioning ("**L1, L2, L5, L6**"), continually improving positioning accuracy and overall performance.

Our technological innovation and R&D achievements have garnered extensive industry recognition. We have undertaken several major scientific and technological projects, contributed to the development of key industry standards, and received numerous honors. Notably, as the lead organization for the "BeiDou-3 Dual-frequency Multi-system High-precision SoC Technology Project (北斗三號雙頻多系統高精度SoC技術項目)," a National Science and Technology Major Project under the BeiDou Satellite Navigation System, we are responsible for advancing product development and market adoption. As of the Latest Practicable Date, our team has taken the lead or contributed to the drafting of 16 national, industry or team industry standards, including the "Technical requirements and test methods for on-board positioning system — Part 1: Satellite positioning (車載定位系統技術要求及試驗方法第1部分：衛星定位) (GB/T45086.1–2024)" and "Technical requirements and test methods for Beidou Navigation Satellite System basic products of dual-frequency multi-system high-precision radio frequency and baseband integrated chip (北斗衛星導航系統民用全球信號雙頻多系統高精度射頻基帶一體化芯片產品技術要求和測試方法) (BDS-JSCS-2021-002)." The Ministry of Industry and Information Technology recognized us as one of the "Specialized and Innovative Little Giant Enterprises (專精特新"小巨人"企業)." Our accolades include the "China Patent Excellence Award (中國專利優秀獎)," "Satellite Navigation and Positioning Science and Technology Award — Grand (衛星導航定位科學技術獎 — 衛星導航定位創新應用獎金獎)," the 11th China Technology Market Association Golden Bridge Award (第十一屆中國技術市場協會金橋獎), the "Guangdong Provincial Science and Technology Progress Award — Second Prize (廣東省科技進步獎二等獎)," the "Hong Kong Awards for Industries: Technological Achievement Certificate of Merit (香港工商業獎: 科技成就優異證書)," and the "2023 Investment World Hard Tech VENTURE50 (2023投資界硬科技VENTURE50)" award, among many others.

We have entered strategic cooperation agreements with leading enterprises in industries such as biking-sharing, intelligent vehicles, intelligent transportation. For example, in the field of bike-sharing, we entered into a strategic cooperation agreement with Meituan, which is among the top three domestic bike-sharing vendors, in the field of intelligent vehicles, we entered into a strategic cooperation agreement with BYD and ZTE respectively; in the field of intelligent transportation, we entered into a strategic cooperation agreement with Hebei Aerospace Information Investment Holdings Co., Ltd. (河北空天信息投資控股有限公司), which is a subsidairy of Hebei Transportation Investment Group Company Limited (河北交通投資集團有限公司). We believe we have also carried out in-depth cooperation with Hellobike and Didi bike in the field of bike-sharing, with SAIC Motor in the field of intelligent vehicles, with the Water Transportation Research Institute of the Ministry of Transportation and Communications on the industry standard of technical requirements for inland waterway multifunctional onboard terminals. In the field of mobile communication, we believe we have carried out in-depth cooperation with the major domestic mobile network operators in the field of mobile communication, such as China Mobile Terminal Company Limited, a subsidiary of China Mobile, and the Intelligent City Research Institute of China United Network Communications Limited of China Unicom, a subsidiary of China Unicom. Such cooperative relationships may provide strong support for the large-scale application and wider application and promotion of our products in the future.

Extensive and state-of-the-art technologies

As one of the earliest companies to develop BeiDou-compatible navigation and positioning chips, we bring over a decade of expertise across radio frequency ("**RF**"), baseband, anti-interference, low-power, SoC, algorithm, and security technologies. With a foundation in the BeiDou system, the primary units in our SoC chips are self-developed (excluding IP-licensed components like CPUs), resulting in comprehensive technology that supports dual- and tri-band compatibility, low power consumption, high precision, and compact design. Our BeiDou navigation and positioning chip embodies the following core technologies, establishing a strong competitive edge within the industry.

- ***Single-chip multi-system multi-frequency joint positioning technology***: Through a highly integrated single architecture that combines RF and baseband, we have achieved multi-system, multi-frequency joint positioning — capabilities typically only available at the board level — on a single chip. This chip supports multi-frequency joint positioning across "L1, L2, L5, L6" frequencies within the multi-satellite systems of "BeiDou + GPS + GLONASS + Galileo + QZSS + NavIC." As a result, our product consistently delivers enhanced positioning accuracy and performance.

- ***On-chip multi-source fusion high-precision satellite navigation and inertial navigation deep coupling combined positioning technology***: Our chip integrates advanced algorithms, including an embedded inertial navigation system (INS) with deep coupling combined filters, multi-source sensor tracking loop assistance, anti-multipath techniques, carrier hop detection, and data satellite selection preprocessing. It can also accept additional information from sources such as barometers and wheel speed sensors. The tracking loop employs a deep coupling design for INS/GNSS based on vector tracking, significantly enhancing overall positioning performance.

- ***Dynamic adaptive anti-interference technology***: Satellite signals are inherently weak by the time they reach the ground and are susceptible to interference. To address this issue, we employ frequency domain interference detection combined with multi-channel adaptive digital notch filter technology. This approach enables real-time detection of interference signal frequencies within the receiver's received signals. The system automatically adjusts the notch filter parameters to effectively filter out interference, thereby minimizing its impact on the navigation baseband and ensuring robust anti-interference capabilities for the chip.

- ***Ultra-low power design technology***: We employ a single-channel multi-frequency broadband RF receiving architecture along with dynamic voltage and frequency adjustment technology. Our design features a multi-power domain approach and integrates a DC-DC power supply within the system-on-chip (SoC) to optimize power consumption. Key elements of our strategy include an extremely low standby power consumption design. This significantly reduces overall chip power consumption, thereby maximizing both the standby and operational time for chip-level terminals.

- ***On-chip embedded high-precision positioning algorithm technology***: We employ an on-chip embedded algorithm architecture that integrates algorithms directly with the chip. Despite constraints in chip storage capacity and processor operating frequency, this architecture enables us to achieve multi-system, multi-frequency joint positioning, as well as ground-based and satellite-based high-precision augmentation, all at optimal cost. Our positioning accuracy can reach decimeters, centimeters, and even millimeters.

- ***"Source-level" location information security encryption technology***: We have integrated a hardware encryption unit within our chip products, enabling "source-level" encryption of location information output. This functionality significantly reduces security risks associated with the theft and tampering of location data during transmission, providing essential security support for industry applications reliant on location information.

- ***Unique Two-Way Short Message Communication Capability:*** Our BeiDou short message chip integrates baseband, RF, LNA, and Pre-PA components, offering high communication reliability, global coverage, point-to-point two-way information exchange, rapid response capabilities, robust anti-interference performance, and cost-effective networking solutions. The chip ensures smooth and stable communication even under extreme weather conditions by utilizing S/L-band satellite transmission rather than relying on ground communication networks. Additionally, its point-to-point two-way information exchange enables users to determine their own location while sharing their position with others, offering significant utility for various platform applications, particularly in emergency rescue, transportation coordination, and disaster area search-and-rescue operations. Notably, the chip supports short messages with a maximum length of 14,000 bits, equivalent to approximately 1,000 Chinese characters.

Our technological leadership stems from a robust R&D team with deep expertise in the field. We inherited the technical achievements of HED's navigation chip team and gained access to a core group of experts in this field after our acquisition of assets related to the navigation chip business of HED in 2017. HED possesses significant advantages in technology and cost-effectiveness for SoC low-power chip design. Our R&D team including Mr. Hau Ka Wai, who has over 18 years of working experience, specializes in BeiDou satellite navigation and positioning, and brings industry experience in chip design and development, further strengthening our capabilities.

As of Latest Practicable Date, we held 54 invention patents, 141 utility model patents, 11 design patents, 18 layout design of IC, 86 trademarks, 234 software copyrights and one work copyright in the PRC. We have undertaken or participated in seven national key science and technology projects, as well as eight provincial and municipal key R&D initiatives. We place a strong emphasis on continuous R&D, with R&D personnel comprising over 40% of our total workforce as of December 31, 2024. In 2022, 2023 and 2024, we spent RMB102.7 million, RMB109.8 million and RMB118.1 million in R&D, which accounted for more than 40% of our total expenses during those periods. We expect to maintain this level of investment of R&D in the foreseeable future.

We have established the Workstation of Academician Sun Jiadong, who is a renowned expert in satellites and widely regarded as China's "Father of Satellites." Mr. Sun Jiadong served as the chief designer for China's lunar exploration project and the chief designer for both the first and second generations of the BeiDou navigation system. His accolades include the Medal of the Republic in 2019, the Two Bombs and One Satellite Medal of Merit in 1999, and the National Highest Science and Technology Award in 2009. This workstation helps guide our chip design and system architecture design and facilitates communications in R&D community. Additionally, we have also established a range of innovative research platforms, including the China Unicom 5G+ BeiDou High-Precision Positioning Open Laboratory, the Guangdong BeiDou Satellite Navigation and Positioning Technology Engineering Research Center, the Shenzhen BeiDou Satellite Navigation Chip Design Engineering Technology Research Center, the Shenzhen BeiDou Ground Enhancement Engineering Research Center, and the Internet of Things Research Center under the National Engineering Research Center for E-commerce and Electronic Payment. Leveraging these diverse platforms for industry-university-research collaboration enables us to integrate R&D resources across the industrial chain, advancing the technical capabilities of domestic BeiDou chips and providing a valuable training ground for scientific and technological talent.

Comprehensive product portfolio with integrated software and hardware solutions

We offer a comprehensive product portfolio that includes GNSS chips, modules and related solutions, spanning smart transportation, bike-sharing, intelligent driving, smartphone, wearable devices, IoT, meteorological detection, and deformation monitoring fields. To simplify customers' development process, we provide highly integrated module products featuring built-in GNSS SoC chip, LNA, and SAW components. The high positioning accuracy, performance, power efficiency, cost-effectiveness, high integration and miniaturization of our chips and modules enable us to price our products with a premium.

Our first chip HD8040 after the establishment of our Company was launched in 2017, which achieved the milestone of mass-producing the world's first multi-system, multi-frequency and high-precision navigation and positioning SoC chip BeiDou-3 system signals. With commitment to innovation, we have successively launched our HD93xx series chips, which support multi-frequency, full-system RTK centimeter-level high precision, and our latest generation of dual-core architecture, high-performance, low-power HD814X series chip, establishing new standards in domestic GNSS chips.

Our range of positioning and monitoring equipment includes high-precision GNSS receivers, IoT data collection devices, raytheon integrated water level flow meter, integrated disaster reduction and prevention stations, and multi-mode satellite fusion communication terminal products, which serve critical applications in geological disaster monitoring, mine surveillance, water conservancy, hydropower, infrastructure, and industrial monitoring. Additionally, we offer customized positioning and monitoring solutions tailored for water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors, enabling efficient and precise automated monitoring. In addition to our product offerings, we provide technical services for high-precision positioning and semiconductor IP licensing services. See "— Our Products and Solutions — Products in Our GNSS Chips, Modules and Related Solutions Business."

Our advanced software algorithms are seamlessly coordinated with industry-leading hardware designs. Using comprehensive software and hardware development tools, our algorithms are optimized to fully leverage hardware potential for peak performance. Our engineers are responsible for overseeing product process design, overall architecture, and integrated SoC design, analog and digital circuit design, simulation and test validation, completing the layout, and developing navigation and positioning algorithms and embedded solutions. This integrated development approach enables us to deliver high-efficiency, high-performance solutions with minimal system latency.

To address diverse downstream application scenarios, we provide an extensive range of algorithms, from standard precision and high precision to multi-source fusion, such as satellite and inertial navigation algorithms. Our core technologies include embedded centimeter-level high-precision algorithms, integrated navigation and positioning algorithms, and multipath signal suppression algorithms, which are among the industry's best. We are also pioneers in applying machine learning to inertial navigation algorithm development, enabling highly accurate indoor positioning for wearable devices. We have built a comprehensive GNSS chip design platform integrating advanced chip design software, IP modules and design functionalities, with a focus on designing navigation and positioning chips. For details, see "— Design and R&D — Our GNSS Chip Design Platform."

Diversified application scenarios and strong commercialization capabilities

Our products and solutions encompass a diverse array of application scenarios. Our chips, modules and GNSS-related solutions primarily target terminal applications in consumer electronics, transportation, environmental monitoring and early warning fields, with downstream customers mainly consisting of navigation and positioning terminal equipment integrators engaged in smart transportation, bike-sharing, intelligent driving, smartphone, wearable devices, IoT, meteorological detection, and deformation monitoring industries, and companies focused on location service applications in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors. For details, see "— Our Products and Solutions — Application Fields of Our Products and Solutions."

Our navigation and positioning solutions have successfully established application coverage across various scenarios, complemented by diverse monetization channels. For instance, SAIC Group has been using our high-precision navigation and positioning chips since 2021. Our retention and repurchase rates with our key customers average approximately three to four years of continuous partnership, which is a testament to the strength and longevity of our relationships. This success is primarily attributed to our robust commercialization capabilities and well-developed business model. For details of our business model, see "— Our Business Processes."

In alignment with our business strategy, our R&D department is equipped to customize and develop new products tailored to the diverse needs of our downstream applications. We maintain long-term partnerships with leading foundries, such as one of the world's largest dedicated foundries in the semiconductor industry, ensuring a strong production capacity guarantee.

On the marketing front, we employ a hybrid approach that combines distribution and direct sales. Chip products and chip-level module products are primarily distributed through traditional channels, leveraging distributors' resources to stay aligned with market trends, develop high-quality customer relationships, and ensure rapid delivery, thereby mitigating financial risks and operational management pressures. Conversely, positioning monitoring equipment and GNSS-related solutions are marketed directly, allowing us to offer customized comprehensive solutions based on specific customer requirements for positioning, navigation, and communication. See "— Sales, Marketing and Distribution of Our Products." Our mature business model instills customer confidence and positions us to capitalize on emerging market opportunities.

Visionary management team and strong support from star shareholders

We have a forward-looking management team, led by Mr. Sun Zhongliang, chairman of our Board, executive Director and president of our Company. As one of the leading individuals in the GNSS spatial positioning service industry, Mr. Sun Zhongliang possesses exceptional management skills and rich experience in GNSS spatial positioning solution industry and other relevant industries, guiding us through innovation and toward successful commercialization. He holds an executive master's degree in business administration from Peking University and has previously worked at prestigious institutions, including the Tsinghua Tongfang Co., Ltd. and the HED.

Additionally, Mr. Sun is currently serving as the vice president of the China Satellite Navigation and Positioning Association, the Vice Chairman of the Central Enterprise BeiDou Industry Collaborative Development Platform as well as an independent director for Shenzhen H&T Intelligent Control Co., Ltd., and used be an independent director of Foxconn Industrial Internet Co., Ltd. During his tenure at HED and our Company, he oversaw the development of China's first mass-produced 55 nm RF and baseband integrated BeiDou multi-mode positioning and timing SoC chip. He subsequently led the team that developed and mass-produced the world's first multi-system, multi-frequency, high-precision navigation and positioning SoC chip supporting the BeiDou-3 signal system, as well as the launch of China's first "BeiDou Chip Open Platform."

Our team comprises employees across various functions, including R&D design, marketing, and service support. They are deeply committed to the company's mission and vision, embodying a culture that aligns closely with our core values. We prioritize talent development and have established a comprehensive training system tailored to different roles, fostering cooperation and communication among teams. To ensure that our R&D team remains attuned to market trends and advancements in industry technology, we frequently organize opportunities for external learning and knowledge exchange. Additionally, we have implemented an effective incentive mechanism to recognize employees for their achievements and outstanding contributions in R&D, encouraging all team members to engage in technological innovation.

From the outset, we have enjoyed robust support from prominent shareholders. In December 2016, key investors including CEC Optics Valley (Shenzhen) and the Shanghai SAIC VC jointly established our Company. In the early and mid-stages, significant industrial investors such as SAIC Motor Corporation Limited (上海汽車集團股份有限公司), BYD, Jiangling Motors Group Co., Ltd (江鈴汽車集團有限公司), RBCV, Zhuhai Gree VC, TCL Technology and AVIC Industry made strategic investments, reflecting their confidence in our technology and commercialization potential.

DEVELOPMENT STRATEGIES

Strengthen the integration of navigation and communication technologies and actively develop new technologies

We will further enhance our existing navigation and communication technologies, such as RTK positioning and Precise Point Positioning (PPP), to provide our high-precision navigation chips with stronger positioning capabilities and improved reliability. Recognizing the importance of integrated development in future spatial positioning, we will align our efforts with the evolving industrial landscape by strengthening the synergy between communication and navigation technologies, ultimately creating integrated solutions that combine time and space. For instance, with the development of low-orbit satellite navigation and positioning enhancement technology and low-orbit satellite communication technology, we will also continue to further develop communication and positioning fusion chip and module products in the direction of integration of satellite navigation and satellite communication and will continue to strengthen the R&D and industrialization promotion of "BeiDou high-precision positioning + BeiDou short message" fusion chip and module products, as well as expand their applications across mobile communication networks, the IoT, vehicle connectivity, and emergency communications.

Enrich downstream application scenarios and expand customer base

In our existing downstream application scenarios, we leverage our industry-leading position and extensive expertise to strengthen partnerships with renowned customers, deepen our relationships, and expand our cooperative ecosystem. Our current downstream customers includes bike-sharing companies such as Meituan, Hellobike and DiDi Bike, well-known automotive manufacturers like SAIC, leading IoT solution providers, and government agencies in the weather monitoring field, among others.

Focusing on customer needs is vital for maintaining long-term relationships. We actively obtain feedback from these high-quality clients and optimize our products and services to meet their diverse requirements, thereby enhancing customer loyalty. In response to evolving market trends, we will also explore new application scenarios for spatial positioning solutions and expand our cooperation ecosystems with customers. For instance, several of our high-precision positioning chip products are highly competitive and can be effectively utilized in smart driving, trunk logistics, fisheries, ship navigation, and other fields. We are committed to aligning the development trajectory of our products with the downstream application scenarios of our customers, creating value for them while broadening our customer base and diversifying our revenue streams.

We also plan to actively explore the emerging opportunities in the low-altitude economy, particularly in sectors such as unmanned aerial vehicles ("**UAVs**") and electric vertical take-off and landing ("**eVTOL**") aircraft. With advancements in satellite positioning and navigation technologies, these applications are expected to experience significant growth over the next few years. According to the CIC Report, the market size of China's low-altitude economy is projected to reach approximately RMB1.5 trillion by 2025 and further reach approximately RMB3.0 trillion by 2030. Our high-precision GNSS chips and modules can provide critical navigation solutions for UAVs and eVTOL systems, ensuring real-time, high-accuracy positioning in complex airspace environments. By expanding our presence in this sector, we aim to establish strategic partnerships with key players in the urban air mobility ecosystem, contributing to the advancement of intelligent aerial transportation and logistics.

Upgrade integrated GNSS chip products and improve hardware and underlying algorithms

With the rise of various mobile, wearable, and IoT devices, there is a growing demand for miniaturization and cost-effectiveness in terminal design, which imposes higher requirements on GNSS chip development. At the hardware level, we are dedicated to enhancing the integration of RF baseband integrated SoC chips by minimizing external components, reducing chip size and lowering chip power consumption. This approach allows our chips to be suitable for a wider range of compact terminals, improving performance while simultaneously lowering costs and power consumption for our downstream customers across various applications.

At the algorithmic level, we align with industry trends by leveraging AI to optimize high-precision positioning algorithms, enhancing both anti-interference capabilities and adaptability to extreme environments. Our products will continue to utilize embedded integrated algorithm design technology, seamlessly merging algorithms with chips to achieve ground-based and satellite-based high-precision positioning at optimal costs. This integration of cutting-edge hardware and advanced algorithms will further establish industry barriers.

Explore the international market actively along with the internationalization of the BeiDou system

The BeiDou system has gradually established its strengths in the international navigation and positioning sector, committed to providing positioning, timing, global short message, and search and rescue services to users worldwide. The services offered by BeiDou-3, including satellite-based augmentation, ground-based augmentation, and precise single-point positioning, are set to extend from China and its surrounding areas to all corners of the globe, presenting significant opportunities for our Company's overseas market expansion. In comparison to foreign counterparts, our BeiDou GNSS chips boast advantages such as high accuracy, low power consumption, compact size, and cost-effectiveness. These features will facilitate our entry into markets in Southeast Asia, the Middle East, Europe, and beyond.

Additionally, we plan to deeply integrate our products with international navigation systems. For instance, by employing flexible and configurable digital baseband technology, we can select the required supported signals through software control, ensuring our products are compatible with all satellite system signals. This adaptability will enable us to attract a diverse range of customers in international markets, increase our market share, and position ourselves as a leading Chinese company in the realm of high-precision navigation. We anticipate that our products will be used in in-vehicle and IoT industries in the overseas markets, and we plan to provide GNSS-related solutions to foreign companies.

Seek high-quality acquisition targets and integrate the industrial chain vertically

As our business continues to develop, we aim to seek strategic investments and timely acquisitions of high-quality targets to vertically integrate the industry chain and enhance our technical capabilities and operational efficiency. When evaluating potential targets for investment and acquisition, we focus on factors such as their technical expertise, team composition, and financial health. Our primary interest lies in companies that possess unique advantages or differentiation in technical solutions companies that can help expand our access to innovative GNSS chip design and development technology, algorithm technology, multi-source fusion positioning technology, and cross-field chip product companies. It could better support our strategy of centering around GNSS chip to realize the satellite communications, inertial navigation and other technology fusion and application expansion. Through these strategic investments and acquisitions, we will efficiently expand our technology portfolio, improve product quality, broaden our business areas, and access new markets, thereby accelerating our revenue growth. For more details, see "Future Plans and **[REDACTED] — [REDACTED]**."

OUR PRODUCTS AND SOLUTIONS

Overview

We offer a portfolio of (i) GNSS chips and modules, as well as GNSS-related solutions in our GNSS chips, modules and related solutions business, and (ii) communication baseband chips, storage chip modules and RF chips in our comprehensive chips and modules business during the Track Record Period.

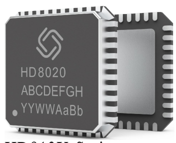
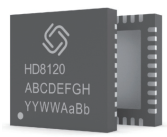
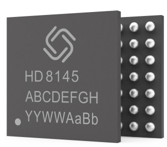
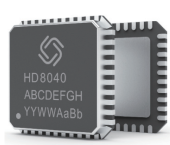
Products in Our GNSS Chips, Modules and Related Solutions Business

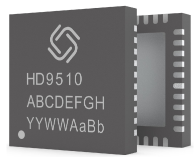
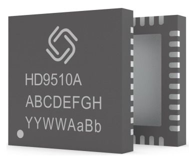
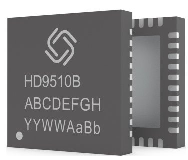
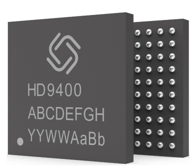
We have built up a broad product portfolio covering approximately 60 types of navigation, positioning and monitoring products that are integral and critical components to a wide variety of electronic equipment. Our product portfolio spans transportation, consumer electronics and environmental monitoring and early warning, and supports BeiDou applications, supported by a comprehensive chip lineup.

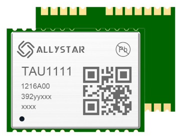
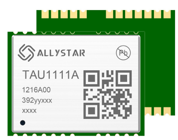
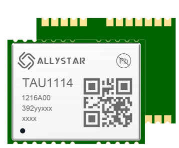
Our GNSS Chips and Modules

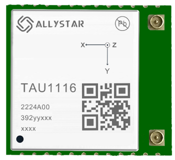
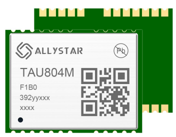
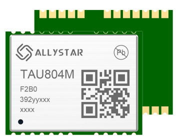
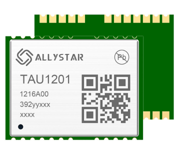
Our proprietary GNSS chips and modules feature low power consumption, high precision, and high integration capabilities, which enables our downstream customers to develop various products that are low-cost, small, easy to install, and can be widely applied in various scenarios. To simplify customers' development process, we provide highly integrated module products featuring built-in GNSS SoC chip, LNA, and SAW components. Our primary GNSS chips and modules can be divided into three categories, including (i) standard precision products, (ii) high precision products, and (iii) BeiDou short message products, which are expected to launch in the second half of 2025.

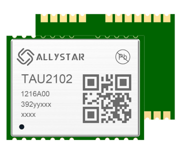
The following table sets forth our main GNSS chip and module products, as well as their features and applications.

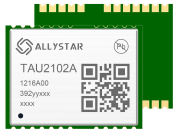
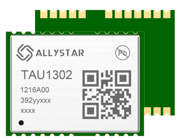
Product Categories	Product Pictures	Features	Potential Applications
Chips			
Standard precision[1] chips	HD802X Series 	• Supports BeiDou satellite navigation and positioning system, multi-mode GNSS satellite signal reception, and A-GNSS assisted positioning; supports interference detection and dynamic filtering, and intelligent power management.	Wearable devices, smartphones and logistics tracking
	HD812X Series 	• Supports single-frequency multi-system GNSS reception; supports interference detection and dynamic filtering, intelligent power management, and a wide voltage range; adopts advanced low-power design and has excellent battery life.	Consumer products, shared bikes, drones, in-vehicle navigation, smart driving, vehicle management
High precision[2] chips	HD814X Series 	• Supports all frequency band signals of BDS, GPS, Galileo, GLONASS, QZSS and SBAS, and also supports BeiDou-3 system, featuring built-in engines for PVT, RTD and RTK. It offers four low-power modes, ensuring excellent endurance. The device can track up to 128 GNSS channels simultaneously, with a position update rate of up to 10 Hz, refreshing the position ten times per second. Additionally, it can connect to multiple sensors for multi-source data fusion and supports intelligent interference detection and dynamic interference filtering.	In-vehicle navigation smartphones, wearable devices, drones, vehicle management, intelligent driving, precision agriculture GIS data acquisition, engineering survey and other fields
	HD804X Series 	• The SoC chips of the new-generation BeiDou-3 signal system are compatible with all global civilian navigation systems. Based on the Cynosure III architecture, the chip adopts multi-frequency, multi-system differential technology, which can achieve sub-meter positioning accuracy even without ground-based or satellite-based augmentation. Equipped with a built-in national secret SM4 algorithm, an advanced encryption standard (AES) algorithm, and an American DES algorithm data encryption unit, these chips ensure secure data transmission. Additionally, these chips also have built-in ARM Cortex-M4F processors and high-speed cache controllers, and have successfully passed AEC-Q100 automotive certification.	Smartphones, wearable devices, drones, vehicle management intelligent driving

Product Categories	Product Pictures	Features	Potential Applications
	HD951X Series   	• Equipped with the Cynosure IV engine, the chip has a built-in dual-core processor and integrates a multi-frequency, multi-system GNSS RF baseband; it outputs pseudo-random code and carrier phase measurement in RTCM-compliant format by default. The combination of RTK technology and CORS calibration data provides centimeter-level positioning accuracy for high-precision applications, with low cost and low power consumption.	Drones, vehicle navigation, intelligent driving, navigation navigation, GIS data acquisition, engineering survey, vehicle management, etc.
	HD94XX Series 	• HD9400 is a highly integrated BDS receiver chip that supports the BeiDou navigation satellite system and the BeiDou III signaling system. Based on the CYNOSURE III architecture, this chip integrates a BDS dual-channel RF and baseband engine, along with a high-performance ARM Cortex-M4F core and multiple peripherals. This new design architecture enables HD9400 to achieve sub-meter positioning accuracy without correction data from ground augmentation stations. Additionally, this chip features enhanced sensitivity, superior anti-interference and anti-multipath effects, ensuring highly stable timing performance in challenging environments.	Communication timing, power timing

Product Categories	Product Pictures	Features	Potential Applications
Modules			
Standard precision[1] modules	TAU11 Series 	• TAU1111 is a cost-effective multi-system GNSS positioning module, equipped with our GNSS SoC chip, which supports the new generation of BeiDou III signaling system, and at the same time, supports the world's mainstream civil navigation satellite systems (including BDS, GPS, GLONASS, Galileo, and QZSS). TAU1111 integrates a highly efficient power management architecture and provides a high-precision, high-sensitivity, and low-power GNSS solution that can be widely used in consumer electronics, automotive navigation, and in-vehicle surveillance applications.	Consumer products, in-vehicle navigation, logistics tracking, Internet of vehicles
		• TAU1111A is an automotive-grade navigation and positioning module designed based on our GNSS SoC chip, which supports the reception of L1 frequency signals from GPS, BDS, GLONASS, Galileo, and QZSS satellite systems. TAU1111A integrates a highly efficient power management architecture to provide a GNSS solution with higher accuracy, higher sensitivity, and lower power consumption, which is able to adapt to the harsh operating environment of high temperature and strong electromagnetic interference in the car, and meet the application requirements of automobile manufacturers.	
		• TAU1113 is a low-cost, cost-effective dual-mode positioning module, equipped with our GNSS SoC chip, which supports the reception of satellite signals such as BDS B1I, B1C, GPS L1, etc. TAU1113 is small in size, highly integrated and easy to apply, which is very suitable for cost-critical GNSS scale applications.	
		• TAU1114 is a low-cost, cost-effective dual-mode positioning module, equipped with our GNSS SoC chip, which supports receiving satellite signals such as BDSB1 (B1I, B1C), GPS L1, etc. TAU1114 is small in size, highly integrated and easy to apply, which is very suitable for cost-critical GNSS scale applications.	

Product Categories	Product Pictures	Features	Potential Applications
		• TAU1116 is a GNSS single-frequency multi-mode high-precision positioning and orientation module, equipped with two GNSS SoC chips independently developed by us, which support the reception of BDS and GPS satellite signals. TAU1116 is embedded with a 6-axis IMU, which outputs a complete three-dimensional attitude. The module is characterized by high performance, low cost, small size, high integration and easy to apply, which is suitable for the scale application of products with GNSS positioning and orientation requirements.	
High precision[2] modules	TAU804M  	• TAU804M is a special product for BeiDou combined navigation and positioning developed based on our GNSS SoC chip, which only receives BeiDou navigation satellite signals (including BeiDou II and BeiDou III), and is a single-frequency and dual-frequency standard precision module respectively. The module integrates 3-axis accelerometer and 3-axis gyroscope, and also supports other sensor access for multi-source information fusion, combining BeiDou positioning technology and inertial navigation technology, which can still continuously output positioning data under the environment of poor quality or even loss of BeiDou signals, and provide continuous and accurate positioning services for navigation and positioning applications.	Car navigation, two-wheeled electric vehicle, intelligent cockpit, locator, car networking, logistics tracking, etc.
	TAU12 Series 	• TAU1201 is a high-performance dual-frequency GNSS positioning module equipped with our GNSS SoC chip, which supports the new generation of Beidou III signaling system, and at the same time, supports all the world's civil navigation satellite systems, including BDS, GPS, GLONASS, Galileo, NavIC and QZSS, and mainstream SBAS (WAAS, EGNOS, GAGAN and MSAS). TAU1201 integrates a highly efficient power management architecture to provide a highly accurate, sensitive and low-power solution for GNSS navigation applications.	

Product Categories	Product Pictures	Features	Potential Applications
		• TAU1201A is an automotive-grade GNSS navigation and positioning module based on our GNSS SoC chip, which supports the reception of L1 and L5 frequency signals from BDS, GPS, GLONASS, Galileo, and QZSS satellite systems. TAU1201A integrates a highly efficient power management architecture to provide a GNSS solution with higher accuracy, higher sensitivity, and lower power consumption, which is able to adapt to harsh operating environments such as high temperatures and high electromagnetic interference in the vehicle, and meets the application requirements of automotive manufacturers.	Car navigation, fleet management, logistics tracking
		• TAU1202 is a high-performance dual-frequency GNSS positioning module equipped with our GNSS SoC chip, which supports the new generation of BeiDou III signaling system, and at the same time, it supports all the world's civil navigation satellite systems, including BDS, GPS, GLONASS, Galileo, NavIC and QZSS, and mainstream SBAS (WAAS, EGNOS, GAGAN and MSAS). TAU1202 integrates a highly efficient power management architecture and provides a high-precision, high-sensitivity, and low-power GNSS solution that can be widely used in consumer electronics, automotive navigation, and in-vehicle surveillance applications.	
	TAU21 Series 	• TAU2102 is a combined navigation and positioning module designed based on our GNSS SoC chip, which supports receiving GPS, BDS, and QZSS satellite signals. Combining GNSS positioning technology and inertial navigation technology, TAU2102 can still output positioning data under poor GNSS signal quality or even loss of environment, providing continuous and accurate positioning service for navigation and positioning applications. TAU2102 integrates 3-axis accelerometer and 3-axis gyroscope, and at the same time supports other sensors for multi-source information fusion. With its excellent positioning effect, the module is suitable for inertial navigation, UAV, motorcycle and other applications.	Car navigation, electric bicycles, UAV, logistics tracking

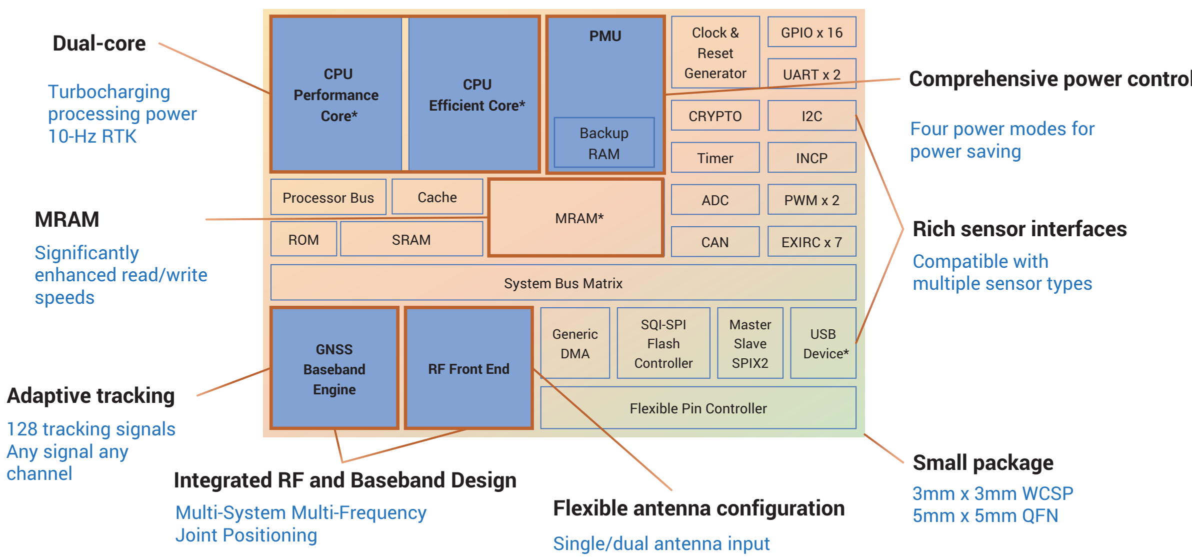
Product Categories	Product Pictures	Features	Potential Applications
		• TAU2102A is a single-frequency automotive-grade combined navigation and positioning module based on our GNSS SoC chip, which supports the reception of GPS, BDS and QZSS satellite signals. Combining GNSS positioning technology and inertial navigation technology, TAU2102A can continuously output positioning data in environments with poor quality or even loss of GNSS signals, providing continuous and accurate positioning services for navigation and positioning applications. TAU2102A integrates 3-axis accelerometer and 3-axis gyroscope, and at the same time supports other sensors for multi-source information fusion. Thanks to its excellent positioning effect, TAU2102A is able to adapt to the high temperature, strong electromagnetic interference and other harsh working environments in the car to meet the application requirements of automobile manufacturers.	
	TAU13 Series 	• TAU1302 is a high-performance multi-system dual-frequency raw observation positioning module, equipped with our GNSS SoC chip. The module supports the new generation of BeiDou III signaling system, and all the global civil navigation satellite systems (including BDS, GPS, GLONASS, Galileo, and QZSS). TAU1302 integrates a highly efficient power management architecture, which provides a high-precision, high-sensitivity, and low-power solution for GNSS navigation applications, and it is widely used in precision agriculture, engineering surveying and mapping, deformation monitoring, unmanned aerial vehicles, and other high-precision applications.	Precision agriculture, engineering surveying and mapping deformation monitoring and drones

Notes:

(1) Standard precision means satellite positioning accuracy at meter-level.

(2) High precision means satellite positioning accuracy better than meter-level.

The following diagram illustrates the architecture design of our HD814X series chip which is one of our high precision products:



Note: The modules marked with * utilizes third-party IP licensed design, while all other modules are independently developed.

Designed for both consumer and industrial applications, our HD814X series chip features a powerful dual-core processor that delivers rapid computations while optimizing power consumption, thereby extending device working hours. Its on-chip magneto resistive random access memory (MRAM) technology accelerates data access and enhances durability and memory solutions. With the capability to capture and track up to 128 signals across multiple frequency bands from leading satellite systems like GPS, GLONASS, Galileo, and BeiDou, our HD814X series chip delivers high accuracy and highly robust service, even in challenging conditions. Furthermore, its support for high-frequency RTK positioning at 10 Hz ensures real-time, centimeter-level positioning accuracy, making it ideal for applications such as mobile phones, wearable devices, UAVs, vehicle management, intelligent driving, car navigation, marine navigation, GIS data acquisition and engineering survey, among others. All of these features are integrated into a small chip, which can be easily adapted to various devices.

In addition to the existing portfolio of GNSS chips and modules set out above, we have developed BeiDou short message products, the HD618X Series, which are expected to launch in the second half of 2025. Its potential applications span smartphones, wearable devices, in-vehicle short message communication, meteorological monitoring and transportation. The HD618X series have the following features.

- ***High Integration Design:*** In terms of chip architecture, the HD618X series chips adopt a highly integrated RDSS radio frequency (RF) transceiver architecture, achieving bidirectional RF transceiver functions on a single chip. This significantly simplifies the complexity of peripheral circuits, further optimizing chip area and cost. The packaged chip area is approximately 3 mm × 3 mm.

- ***High Communication Reliability:*** BeiDou short-message chips utilize the BeiDou satellite system for information transmission and reception, eliminating reliance on terrestrial communication networks to ensure exceptional reliability. This feature guarantees stable information transmission even in remote or low-coverage areas, providing critical support for emergency communication needs. The HD618X series chips have a decoding sensitivity of -130 dBm, enhancing communication capabilities in weak-signal environments and significantly improving communication success rates in extreme conditions.

- ***High Communication Efficiency:*** In terms of satellite signal acquisition capability, the HD618X series chips optimize baseband design and employ a pilot signal-assisted fast joint acquisition algorithm to enhance satellite signal acquisition speed. The first acquisition time does not exceed 2 seconds, enabling faster direct connection to BeiDou and higher communication efficiency.

- ***Advanced Decoding Capability:*** In terms of decoding capability, the HD618X series chips fully support dual-mode decoding through dual-mode decoders, flexibly meeting the diverse needs of different application scenarios and providing stronger support for the large-scale application of BeiDou short messages.

- ***Low Power Consumption:*** In terms of chip power consumption, through multi-dimensional power control of core units such as RF units, baseband units, and power management units, the HD618X series chips operate at a power consumption of equal to or less than 22 mW, representing an over 80% reduction compared to mainstream industry products and leading the industry. This provides an ultra-low-power foundation for mobile terminal applications with small batteries and long battery life requirements, such as mobile phones and smartwatches, significantly expanding the chips' application scenarios.

The following table sets forth the sales volume of our GNSS chips and modules in 2022, 2023 and 2024.

	Year ended December 31,						
	2022		2023		2024		
	Sales Volume		Sales Volume		Sales Volume		CAGR(1)
	('000)	*%*	*('000)*	*%*	*('000)*	*%*	*%*
Standard precision chips and modules	3,445	63.7	8,349	73.9	10,944	68.1	78.2
High precision chips and modules	1,960	36.3	2,950	26.1	5,123	31.9	61.7
Total	**5,405**	**100.0**	**11,299**	**100.0**	**16,067**	**100.0**	**72.4**

Note:

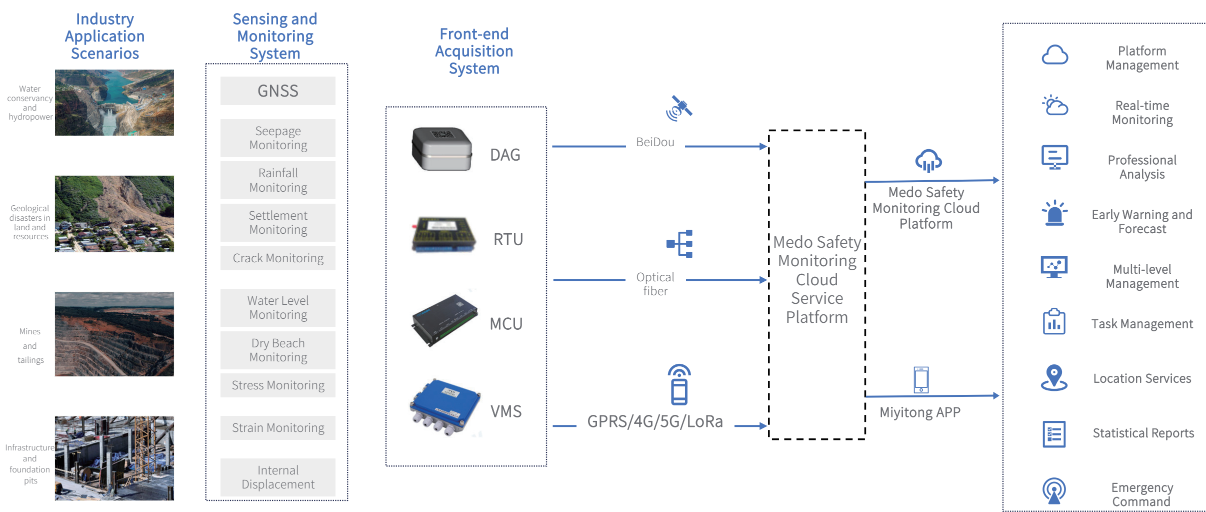
(1) CAGR refers to the growth rate from the year ended December 31, 2022 to the year ended December 31, 2024.

The increasing trend in the sales volume of all types of our GNSS chips and modules was primarily due to the enlarging large-scale application of BeiDou system in China and our GNSS chips and modules featuring both cutting-edge technology and cost-effectiveness. Specifically, the sales volume of our standard precision chips and modules increased from 3.4 million units in 2022 to 8.3 million units in 2023, primarily due to the increase in sales of our standard precision chips and modules for positioners and mobile phones. The sales volume of our standard precision chips and modules further increased to 10.9 million units in 2024, primarily due to the increase in sales of our standard precision chips and modules for positioners and mobile phones, among others. The sales volume of our high precision chips and modules increased from 2.0 million units in 2022 to 3.0 million units in 2023, primarily due to an increase in the demand of our customers engaging in bike-sharing industry. The sales volume of our high precision chips and modules further increased to 5.1 million units in 2024, primarily due to (a) an increase in the demand of our customers engaging in bike-sharing industry and (b) an increase in the customers' demand for dual-frequency high-precision positioning chips.

Our GNSS-related Solutions

Our GNSS-related solutions utilize a variety of sensors, including GNSS, for monitoring. Among these sensors, GNSS chips play a role in positioning and timing, primarily including receiving and processing satellite observation data through GNSS chips to obtain displacement changes ranging from centimeter to millimeter levels, thus could be applied in various fields.

The overall process begins with sensor deployment and data acquisition at the monitoring site, followed by data transmission via navigation and positioning satellites, fiber optics, communication networks, among others, to our self-developed cloud platform, which processes the raw GNSS observation data and ephemeris data, and present real-time data, trend analysis, and historical data of reservoirs, mine slopes, and among others, to the relevant departments in the form of visualized charts. Users of our cloud platform could set the early warning parameter, and when the deformation data reaches critical thresholds, automatic alerts are triggered. The following diagram illustrates the process of our GNSS-related solutions.



We provide customized deformation monitoring solutions for water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors based on our customers' requests. We usually deliver a full package solutions, including GNSS terminals and positioning monitoring equipment, and generate revenue from project-based fees that are often paid upon achieving milestones. For details of the salient terms of agreements with our customers in connection with our GNSS-related solutions during the Track Record Period, see "— Sales, Marketing and Distribution of Our Products — Our Direct Sales."

The following table sets forth the product category, series name, product name, product diagram and features, and application fields of our GNSS terminals integrated to our GNSS-related solutions during the Track Record Period.

Product category	Series Name	Product Name	Product Picture	Product Features	Application Field
Positioning monitoring equipment . . .	High Precision GNSS-based Products	Universal GNSS receiver (M20)		• *High-Precision Positioning for Geologic Disaster Monitoring.* • *Integrated and Efficient Design.* • *Low-power design with low operation and maintenance costs.*	Water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities
		Integrated self-powered GNSS receiver (M50)		• *Highly Integrated.* • *Support MEMS Linkage Front-end Solving.* • *Self-powered Integration.*	Land and geological disaster prevention, mine tailings facilities
		Geodetic GNSS receiver (E40)		• *Fast and Dynamic Solver Engine.* • *Enhanced Observation Data Quality.* • *Robust Protection System.* • *Raw Data Storage Capability.* • *Industrial-Grade Durability.*	Water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities
		Geodetic GNSS receiver (GT600)		• *Sub-Millimeter Phase Center Accuracy.* • *3D Choke Structure Design.* • *Strong Tracking Capability For Low Elevation Satellites.* • *Wide Signal Transmission Range.* • *Unique Waterproof and Dustproof Design.*	Water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, oceanographic survey, industrial monitoring
		Geodetic GNSS receiver (E50Pro)		• *Internal Integration of 4G and Wifi Modules.* • *Supports Output Raw Data, NMEA Data, RTCM3.X Data, etc., and TCP, Ntirp Protocols.* • *Built-in High-Capacity Lithium Battery.* • *Supports Most of the GNSS Antennas in the Market.* • *64GB Storage.* • *Configure and Export Data via WEB.*	Land and geological disaster prevention, oceanographic survey

During the Track Record Period, we have signed over 520 contracts with over 260 customers in connection with projects of our GNSS-related solutions. During the Track Record Period, we recognized a total revenue of RMB108.3 million, RMB67.4 million, and RMB98.5 million, respectively, from our GNSS-related solutions business, and we have 68 ongoing contracts which are expected to contribute to our revenue in the future, as we continue to fulfill our obligations and deliver on our commitments to customers.

The following table sets forth the application fields and features of our GNSS-related solutions during the Track Record Period.

Application Fields	Features
Water conservancy and hydropower	*Water Conservation and Hydropower* Utilizing positioning monitoring equipment, GNSS, IoT, cloud platforms, and related technologies, the system automatically monitors and analyzes displacement and deformation, stress and strain, as well as water volume and levels of reservoir dams, slopes, and other structures, providing timely early warning alerts. *Intelligent Water Conservation* • *Intelligent Reservoir Comprehensive Solution*: By integrating advanced technologies such as IoT, digital twins, big data, and the BeiDou satellite system, this solution enables intelligent monitoring, real-time early warning, enhanced safety measures, flood control dispatch, efficient operations, and rapid response for reservoir management.

Application Fields	Features
	• *Intelligent Irrigation District Comprehensive Solution*: By deploying advanced water conservancy monitoring equipment, this solution enables real-time and accurate access to irrigation operation data, including supply, distribution, and flow management. Integrated with an intelligent management platform, the system achieves rational water allocation, precise water measurement, and digitized management, driving modernization across irrigation areas. • *Digital Twin Basin Platform*: The digital twin basin platform leverages a water resources perception network, business network, and cloud infrastructure, combined with IoT, big data, AI, virtual simulation, and other advanced technologies. This platform digitally maps and intelligently simulates the physical basin and the water resource governance and management process, and facilitates virtual-reality interaction and supports rapid response for watershed management.
Land and geological disaster prevention	Utilizing positioning monitoring equipment, GNSS, IoT, cloud platforms, and related technologies, the system enables automated monitoring and early warning analysis of displacement and deformation in geotechnical mountains and slopes along railroads and highways, as well as geological disaster landslides along transportation routes and in mountainous areas.
Mine tailings facilities	Leveraging positioning monitoring equipment, GNSS, IoT, cloud platforms, and related technologies, the system provides real-time, all-weather automated monitoring, surveillance, analysis, and early warning of critical parameters. These include surface deformation, internal displacement, groundwater surface height, rainfall, and ground cracks, ensuring risk management for tailing pond dams and mine slopes.

Application Fields	Features
Infrastructure and civil construction	By integrating positioning monitoring equipment, GNSS, signal processing, cloud platforms, and related technologies, the system facilitates real-time data collection, transmission, analysis, and early warning of critical indicators such as structural displacement, tilt, water levels, and environmental impacts for pits, bridges, tunnels, and other infrastructure projects.

Products in Our Comprehensive Chips and Modules Business

We act as an authorized distributor of third-party manufacturers to sell a broad product portfolio of communication and memory products from them that are essential to a wide variety of electronic equipment. The primary products we sell in our comprehensive chips and modules business include communication baseband chips, storage chips, RF chips, power management chips, automotive-grade communication modules, automotive SoC chips, and other products.

The sales volume of the products we sold in our comprehensive chips and modules business increased from 47.1 million in 2022, to 65.1 million in 2023 and further to 72.8 million in 2024. The increasing trend in the sales volume of major products we sold in our comprehensive chips and modules business was primarily due to the growth of our customers' needs attributable to an increase in the number of our product lines authorized for distribution.

Pricing of Our Products and Solutions

In pricing our GNSS chips and modules, we consider a range of factors, including the purchase price of our raw materials (i.e. wafers), R&D costs, and operational costs.

In pricing our GNSS-related solutions, we consider the project budgets of our potential customers, including government agencies at the provincial level and above, well-known scientific research institutes and large-scale enterprises, our costs, as well as the prevailing market price of similar solutions.

With respect to the comprehensive chips and modules we sell, we take into account the following factors, including market supply and demand, third-party chip manufacturers' pricing strategy, our inventory level, customer relationship, and competitive landscape, when evaluating and determining our pricing strategy.

Application Fields of Our Products and Solutions

Our various products and solutions have been widely adopted across various fields.

- *Transportation*

  - **Smart transportation**: GNSS chips enable better tracking, monitoring and safety management of chartered vehicles for tourism, passenger buses and special road vehicles for transporting hazardous materials such as chemicals, fireworks and civilian explosives. For instance, we supplied Shenzhen Bus with a "BeiDou + 5G" high-precision smart bus solution, earning the "Satellite Navigation and Positioning Science and Technology Progress Gold Award," which is an outstanding achievement for the application of "BeiDou + 5G" in public transportation management. Our BeiDou "dual-frequency + inertial guidance" combined navigation and positioning module was used in large quantities in the "long-distance buses, tourist coaches, hazardous goods trucks, and heavy-duty trucks (两客一危一重)" vehicles managed by the Ministry of Transportation and Communications, and has provided high-precision and high-reliability positioning capability in the severe scenario for the relevant applications. Simultaneously, we collaborated with the China Transport Communications and Information Center to conduct research and exploration into the application of BeiDou in road toll scenarios, such as highway mileage tolls and roadside parking fees. As a result, according to the CIC Report, we have emerged as the largest chip-level solution provider in the field of "BeiDou free-flow toll applications."

  - **Bike-sharing**: As one of the earliest spatial positioning solution providers to enter the bike-sharing market, we have established ourselves as the largest navigation chip supplier for BeiDou high-precision bike-sharing products launched by Meituan, Hellobike and DiDi Bike. Through GNSS chips, bike-sharing operators can accurately define parking areas (electronic fences) and implement functions such as bike entry settlement, parking guidance, and fixed-point parking, which facilitates orderly parking of shared bikes. As of December 31, 2024, our sales volume of GNSS chips applied in bike-sharing industry surpassed 15 million units according our internal sales records, capturing over 90% of the total BeiDou high-precision bike-sharing market, according to the CIC Report.

  - **Intelligent driving**: We have collaborated with our shareholder, Shanghai Automotive, to develop a comprehensive solution for intelligent driving. Our comprehensive solution for intelligent driving collaborated with Shanghai Automotive was implemented in SAIC MG Coupe MG7, and SAIC Roewe's SUV, the "Whale," which have been launched to the market.

- ***Consumer electronics***:

  - **Smartphone**: We collaborated with Lenovo, to launch the world's first mobile phone equipped with a domestically produced dual-frequency positioning chip in 2019, which is equipped with a domestic dual-frequency BeiDou high-precision navigation and positioning SoC chip. This marks the first large-scale application of BeiDou dual-frequency chips in the smartphone sector, significantly promoting the large-scale applications for BeiDou technology. Our GNSS chips are being used by several prominent PRC smart phone brands, as well as by smart watch makers.

  - **Internet of Things**: To address the specific application environment and conditions of overseas electricity meters, we provide chip and module product solutions for real-time location monitoring of overseas electricity meters, effectively solving problems such as anti-theft and maintenance management of electricity meters, ensuring the smooth development of large-scale deployment of smart electricity meters in overseas countries, and also improving the management capability of the local government for smart electricity meters.

  - **Wearable devices**: In the realm of wearable devices, we have begun shipping positioning chips for smartwatches since 2022, advancing us toward the goal of achieving universal searchability and connectivity.

- ***Environmental monitoring and early warning***

  - **Meteorological detection**: We have undertaken a national key R&D project in collaboration with a government agency in the weather monitoring field and successfully developed the "Spring Equinox I" chip module, which not only fills a significant gap in satellite navigation technology for meteorological sounding in China but also disrupts the international monopoly on satellite navigation chip technology in the sounding market. The Spring Equinox I has been instrumental in supporting such government agency's high-altitude meteorological observation missions and is now widely adopted across the industry. According to the CIC Report, "Spring Equinox I" is the most popular chip module in the weather monitoring filed in China in terms of sales volume in 2023 and 2024. Our chip modules have effectively supported high-altitude meteorological observation missions conducted by such government agency and are now widely utilized. We are currently the largest BeiDou chip supplier in the field of high-altitude meteorological observation.

- o **Deformation monitoring**: We offer high-precision GNSS receivers, IoT data acquisition equipment, and other positioning monitoring devices to enable automated, high-precision monitoring in sectors such as water conservancy, geological disasters, mine tailings, and infrastructure for government agencies and related professional institutions. According to the type approval certificate for measuring instruments issued by the Shanghai Quality and Technical Supervision Bureau, our monitoring systems achieve a static measurement horizontal accuracy of ±1.2 mm and a vertical accuracy of ±2.5 mm, making our measurement accuracy one of the best in China.

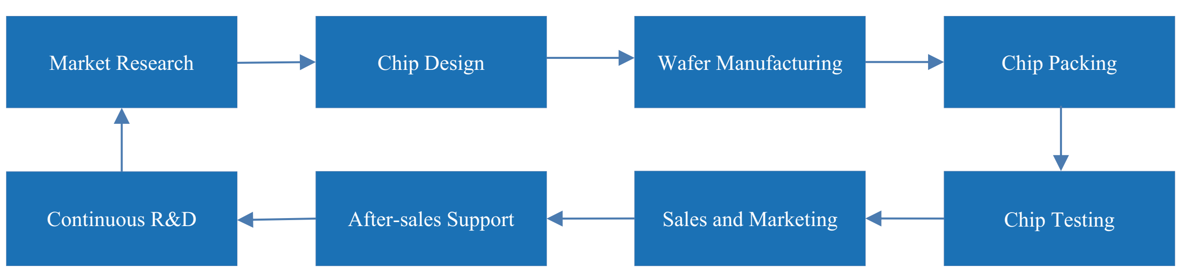
OUR BUSINESS PROCESSES

GNSS CHIPS, MODULES AND RELATED SOLUTIONS BUSINESS

We offer a wide range of GNSS chips, modules and related solutions and derive revenue from sales of these products and related solutions.

GNSS Chips and Modules

The business flow of our GNSS chips and modules business involves a complex series of processes that can be broad categorized into eight major steps, as illustrated by the flow chart below.



Market Research. We conduct thorough market research to identify emerging trends, customer needs, and competitive landscape, and gather insights from potential customers in various sectors to inform product specifications.

Chip Design. This stage focuses on designing the functional blueprint of a chip.

- ***Project plan:*** We clarify product technical specifications, product requirements, benchmark products, cost analysis, return on investment, among others, and whether the product design specifications meet the requirements.

- ***Concepts and specifications:*** We define chip technical specifications as per application requirements, and we complete the system architecture design, sub-system architecture design and detailed development plan.

- ***Product design:*** We conduct and complete product design and technical development, including logic design, circuit design, simulation, simulation and others, to make technical preparations for multi-project wafer (MPW) tape-out.

Wafer Manufacturing. Upon the completion of chip design and simulation, we entrust foundries to manufacture the wafer to transform the chip design into a physical wafer with an IC, which will include MPW sample tape-out and full mask tape-out.

Chip packaging. Meanwhile, we will also entrust a chip packaging factory to package the chips to provide structural support for the chip and to realize electrical connections to other system components.

Sales and Marketing. We employ a hybrid approach that combines distribution and direct sales for GNSS chips and modules. For details, see "— Sales, Marketing and Distribution of Our Products."

After-sales Support. We provide ongoing technical support to customers for integration and troubleshooting, as well as gather customer feedback to inform future product improvements and development.

Continuous R&D. We regularly review and update our GNSS chips and modules portfolio based on market trends and technological advancements.

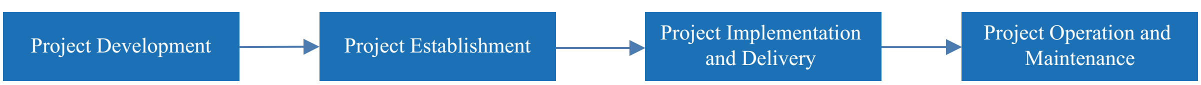
A high degree of division of labor has been developed in the IC industry, and each of the market players on the IC value chain, including service and solution providers of supporting technologies and tools (such as chip design software), IC manufacturing, packaging and test companies, and distributors and system manufacturers, requires a different set of skills. Meanwhile, with more and more types of IC chips coming out, there has been a trend of intricate division of labor within the field of IC design. IC design companies operating with a fabless model generally need to collaborate with upstream and downstream market players. IC design is at the core of the entire value chain with high economic value, and generates the most added value in a final product.

We operate with a fabless model, which is the typical operation model adopted by many navigation and positioning chips design companies in the IC industry. We focus on designing, branding, marketing and subsequently selling our GNSS chips and modules, but outsource the wafer manufacturing to foundries. The manufacturing process generally deliver wafers to the third party chip testing service providers within three to four months, depending on order specifics. We also entrust third party companies to conduct chip packaging in connection with the manufacturing of the chips. The fabless model allows us to maximize our research and design resources and capabilities with limited and efficient capital commitment.

The downstream customers of our GNSS chips and modules cover various sectors, including smart transportation, bike-sharing, intelligent driving, smartphone, wearable devices, IoT, meteorological detection, and deformation monitoring fields.

GNSS-related Solutions

The business flow of our GNSS-related solutions can be broad categorized into four major steps, as illustrated by the flow chart below.



Project Development. This stage is characterized by a long-term cycle focused on the initial development of the project, which lays the groundwork for subsequent stages. This includes ongoing communications with our clients.

Project Establishment. In this stage, which typically spans three to six months, the project is formally established. This involves defining goals, scope, and resources required for successful execution.

Project Implementation and Delivery. In this stage, we receive prepayments, progress payments, and acceptance fees pursuant to our agreements with the clients. This stage is expected to last one to three months and encompasses the actual implementation of the project followed by delivery to the client.

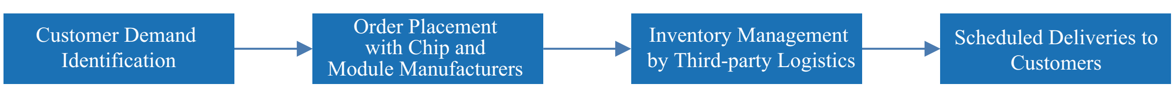
Project Operation and Maintenance. This stage focuses on maintenance and operation of the project. It involves quality assurance and ongoing support, with a duration that can vary from one to three years based on the specific project requirements. In this stage, we receive project operation and maintenance payments for the services we provide.

GNSS-related solutions are a natural extension of GNSS chips and modules into downstream application scenarios. The GNSS chips and modules developed by us can be further developed into terminal products and widely applied in various solutions. Utilizing the GNSS chip as the core components of high-precision navigation and positioning terminal products, we provide integrated hardware and software solutions for deformation monitoring in fields such as water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction, enabling real-time and precise automated monitoring. We usually design customized schemes based on customers' specific needs and deliver a full package of products and solutions within one to three months. We generate revenue from project-based fees that are often paid upon achieving milestones.

The brand value of Allystar creates opportunities for us to obtain solution businesses from high-profile clients. Our strategic clients are mainly government agencies at the provincial level and above, well-known scientific research institutes and large-scale enterprises.

Comprehensive Chips and Modules Business

The business flow of our comprehensive chips and modules business can be broad categorized into four major steps, as illustrated by the flow chart below.



- ***Customer Demand Identification:*** In the ordinary course of our GNSS chips, modules and related solutions business, we are able to generally identify the clients' specific needs for GNSS chips and modules and develop our comprehensive chips and modules business, as our GNSS chips, modules and related solutions business and comprehensive chips and modules business share certain common downstream customers. By maintaining open communication with clients, we aim to forecast demand and ensure the right products are available to meet client expectations.

- ***Order Placement with Chip and Module Manufacturers:*** Based on identified customer demands, we place purchase orders with third-party chip and module manufacturers. We negotiate the pricing, lead times, and terms of delivery to aim to secure favorable conditions for our customers. We maintain close relationships with third-party chip and module manufacturers to ensure fulfillment of orders and to stay informed about new product releases and technological advancements.

- ***Inventory Management by Third-party Logistics:*** We partner with third-party logistics providers to manage the physical receipt, warehousing and shipment of goods according to our instructions. We also monitor inventory levels internally to effectively control turnover.

- ***Scheduled Deliveries to Customers:*** We stock inventory according to customer demand and make delivery according to the agreed delivery date. The third-party logistics service providers receive our shipping notice and carry out packaging operations and reasonable planning of logistics arrangements to ensure timely shipment. We will provide customers with specific shipment time, shipment details and cargo tracking information, so that customers can arrange for receipt of goods accordingly.

We sell communication baseband chips, storage chip modules, RF chips and certain other products procured from third party chip and module manufacturers and sell such chips and modules to downstream customers engaged in IoT, communication module, cellular phone, and automotive industries. We act as an authorized distributor of certain third-party chip and module manufacturers and generate revenue through product sales. See "— Sales, Marketing and Distribution of Our Products — Our Direct Sales."

We cooperate with certain third-party chip and module manufacturers and are their authorized distributors in China. We directly place orders with them and arrange for the delivery of chips in installments according to downstream customers' needs. We engage a professional third-party warehousing and logistics company to manage our inventory, and the chip and module manufacturers are responsible for after-sale services.

BUSINESS SUSTAINABILITY

BeiDou spatial positioning services include positioning, navigation, timing, and BeiDou short message communication services by utilizing the BeiDou navigation satellite system. These services include BeiDou chips and modules that support the BeiDou navigation satellite system, as well as BeiDou devices and solutions. The market size of China's BeiDou spatial positioning service market expanded from RMB417.4 billion to RMB485.7 billion from 2019 to 2023, with a CAGR of 3.9%, and is expected to further reach RMB954.0 billion by 2028, with a CAGR of 14.5% from 2023 to 2028.

As a leading provider of spatial positioning services in China powered by the BeiDou satellite navigation system, we have been focused on the R&D of GNSS chip technologies, establishing a strong competitive edge within the industry. During the Track Record Period, our revenue remained relatively stable at RMB645.1 million in 2023 as compared to RMB698.0 million in 2022, and increased significantly to RMB840.3 million in 2024. The increase in our revenue well-represents our growing market position, the expansion of our customers across various downstream applications and the increase in sales to our existing customers.

Analysis on Historical Losses

Notwithstanding the above achievements in our revenue during the Track Record Period, we incurred loss for the year of RMB92.6 million, RMB288.9 million and RMB141.3 million in 2022, 2023 and 2024, respectively. Our adjusted loss (non-IFRS measure), which was adjusted by adding back (i) **[REDACTED]** expenses, and (ii) share-based payment expenses, amounted to RMB86.1 million, RMB274.1 million and RMB119.7 million in 2022, 2023 and 2024, respectively. We believe our historical financial performance during the Track Record Period is principally due to the following major factors:

- *Decrease in gross profit margin during the Track Record Period:* our gross profit margin decreased from 12.0% in 2022 to 10.5% in 2023, and slightly decreased to 9.8% in 2024. For details, see "Financial Information — Discussion of Results of Operations."

- *Increase in marketing expenses during the Track Record Period:* our selling and marketing expenses increased from RMB42.6 million in 2022 to RMB56.5 million in 2023, primarily due to the increase in the number of sales and marketing employees and the related employee expenses as a result of our business expansion. Our selling and marketing expenses slightly decreased from RMB56.5 million in 2023 to RMB54.4 million in 2024, reflecting our more effective marketing efforts. Our selling and distribution expenses incurred during the Track Record Period allow us to establish scale and brand recognition, capture market share and thus pave the way for our future revenue growth in all our business lines.

- *Massive R&D expenses during the Track Record Period:* in the satellite navigation and positioning service industry, GNSS chips design companies generally incur significant R&D costs, along with their increase in R&D capabilities, which is essential for the design of GNSS chips and modules. Consequently, they face certain amount of upfront losses. Specifically, our R&D expenses increased from RMB102.7 million in 2022 to RMB109.8 million in 2023, and further increased to RMB118.1 million in 2024, primarily in relation to the increased R&D activities. Our R&D investments have remained a significant portion of our total expenses, underscoring our long-term commitment to technological advancement. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business. The significant amount of R&D expenses was primarily a result of the substantial resources we allocated in developing our proprietary technologies to facilitate ongoing GNSS product iteration and improvement in product efficiency. For details of our proprietary technologies, see "— Competitive Strengths — Technological advantages based on the BeiDou satellite navigation system."

- *Fluctuation in administrative expenses during the Track Record Period:* our administrative expenses increased from RMB77.7 million in 2022 to RMB83.2 million in 2023, and decreased to RMB80.5 million in 2024. For details, see "Financial Information — Discussion of Results of Operations."

Path to Profitability

We expect to improve our financial performance and achieve profitability in the near future through continual revenue growth, improving gross profit margin, improving operating efficiency and improving working capital management.

Achieving Sustained Growth in Revenue

As our business lines primarily consist of (i) GNSS chips, modules and related solutions business and (ii) comprehensive chips and modules business, we seek to drive continual overall revenue growth through the following measures:

We plan to boost our GNSS chips, modules and related solutions business and further increase sales volume and revenue by way of (i) maintain our dominant position in providing GNSS chips and modules applied in the bike-sharing sector by enhancing our partnership with with leading industry clients to ensure steady growth, (ii) delve into intelligent driving market, (iii) expand into emerging application fields, (iv) expand and successfully optimize our products and solution portfolio, and (v) expand customer base.

- Maintain our advantageous position in providing GNSS chips and modules applied in the bike-sharing, transportation vehicles, including ministry-specified machine, as well as IoT sectors by enhancing our partnership with leading industry clients: As of December 31, 2024, our sales volume of GNSS chips applied in bike-sharing industry surpassed 15 million units according to our internal sales records, capturing over 90% of the total BeiDou high-precision bike-sharing market, according to the CIC Report. Going forward, we aim to further maintain our market share in the bike-sharing, transportation vehicles, including ministry-specified machine, as well as IoT sectors and continuously generate revenue leveraging our advantageous position in providing GNSS chips and modules applied in such sectors.

- Delve into intelligent driving market: We have collaborated with SAIC to develop a comprehensive solution for intelligent driving, applied in pre-installation applications. We believe that leveraging such successful cooperation experience with leading OEMs and continuously upgrading our automotive-grade high-precision GNSS chips, we will further enhance our competitiveness of our products and services, thus expanding our market share and increasing our revenue in the intelligent driving market field.

- Expand into emerging application fields: Leveraging our R&D achievements, we have developed a GNSS product and solution matrix capable of covering electric bicycles in intelligent transportation and short message services in consumer electronics fields, among others. We are in the planning stage of addressing the demand for high-precision and high-dynamic real-time positioning applications in the low-altitude economy. Through chip-level product solutions, we aim to achieve high performance and low power consumption, providing chip products to support a wide range of low-altitude economy applications. Meanwhile, we are actively expanding our partnership ecosystem to quickly achieve market penetration and expansion, with the goal of achieving a significant market share in the low-altitude economy in the near future.

- Expand and successfully optimize our products and solution portfolio: We have successfully developed multiple core technologies and built a comprehensive product portfolio that includes GNSS chips, modules and related solutions, spanning smart transportation, bike-sharing, intelligent driving, smartphone, wearable devices, IoT, meteorological detection, and deformation monitoring fields. For details, see "— Competitive Strengths — Technological advantages based on the BeiDou satellite navigation system," and "— Competitive Strengths — Comprehensive product portfolio with integrated software and hardware solutions." We will continue to enhance our technology to develop a wider range of product and solution types, catering to more application areas. We plan to invest in the R&D of ultra-low-power GNSS chips for the

IoT and wearable devices, automotive-grade high-precision GNSS chips for intelligent driving, the next generation of BeiDou short message chips for the consumer field, and satellite navigation and communication integrated chips.

- Expand customer base: Our proven ability to cooperate with renowned large-enterprises in the industry and serve government and public institutions demonstrates our strong marketing capabilities and positions us as a benchmark in the GNSS positioning service industry, enhancing our credibility and helping us secure more projects in the future.

In addition, we also plan to grow our comprehensive chips and modules business. Based on our historical relationships with chip and module manufacturers and downstream customers, we are able to expand our product varieties in this business to drive revenue growth. Going forward, we will focus on growing existing products portfolio for steady growth. Furthermore, we believe the synergies between our two business lines will significantly boost our overall business growth. For details, see "— Our Business Model — Synergies Between Business Lines."

Improved Gross Profit Margin

We will further strengthen supply chain management and optimization to reduce product costs, while leveraging our continuously expanding market share to gain greater bargaining power within the supply chain, thereby enabling sustained product costs optimization. In addition, we plan to achieve iterative upgrades of our GNSS products and solutions through technological advancements, with a focus on increasing the revenue contribution from GNSS products with relatively higher gross profit margin, such as high-precision chips and chips applied in pre-installed car device industry. Additionally, as product shipment volume, business scale and revenue grow, we expect to benefit from economies of scale, thereby leading to significant improvements in gross profit and gross profit margin. Therefore, we expect our gross margin to improve significantly in the near future.

Improving Operating Efficiency

We intend to improve our operational efficiency through the following approaches:

- Improving our R&D efficiency. As our technologies mature, we expect a higher R&D efficiency. During the Track Record Period, the R&D expenses as a percentage of revenue increased from 14.7% in 2022 to 17.0% in 2023, and decreased to 14.1% in 2024. We expect to further improve our R&D efficiency, as (i) we strive to optimize and standardize our R&D process and methods to improve R&D efficiency, which includes introducing the industry's leading integrated IC product development process, enabling the GNSS chip development process more standardized and the synergy between various fields more efficient, and (ii) our R&D team was well-established and will remain relatively stable in the near future, leading to a decrease in employee expenses as a percentage of revenue.

- Optimizing the management structure. We expect more effective management of our administrative expenses through the optimization of our team structure and enhanced efficiency within our management team. On one hand, we would review our management structure from time to time in order to optimize our human resources. On the other hand, along with the development of various technologies in relation to the corporate management and production, we may put more focuses on relying technological ways to share a part of the human duties. This would enhance our efficiency of our management and reduce relevant operating costs.

- Improve our marketing efficiency. We expect to continuously improve our marketing efficiency, benefiting from our established brand name, solid industry reputation and diverse product portfolio. In particular, the recognition of our GNSS products and our brand name in downstream applications will help reduce our selling and distribution expenses and the expenses associated with new customer acquisition. At the customer level, sales to customers with large purchasing needs are expected to account for an increasing proportion of our total sales, and the growing number of distributors will effectively drive up our sales while reducing selling and marketing expenses as a percentage of revenue. Additionally, benefiting from the expansion of downstream applications for GNSS products, our sales and marketing team will contribute to more sales while facilitating a decrease in employee expenses as a percentage of revenue.

We thus expect to achieve a better operating efficiency with our control over the operating expenses.

Improving Working Capital Management

We intend to improve our working capital management through the following approaches:

- Strengthening the credit management of customers. We expect to periodically assess customers' credit profile to avoid high-risk customers, thereby reducing the possibility of writing off bad debts. We will also manage the credit period granted to customers, and plan to regularly reconcile unpaid accounts with customers and follow up on overdue account receivables in a timely manner.

- Strengthening our inventory management. We plan to strengthen our inventory management to improve inventory turnover and reduce stockpiling and unnecessary procurements, thereby enhancing overall cost-effectiveness. Our inventory control efforts will cover both raw materials and finished goods. For raw materials, we will make procurement and production plans based on demand forecasts and existing inventory levels, while factoring in appropriate safety stock to address unpredictable fluctuations. For finished goods, we aim to minimize inventory levels through closer coordination with sales forecasts and customer delivery schedules, enabling us to respond efficiently to orders while minimizing excess inventory and storage costs.

- Securing sufficient working capital. Sufficient working capital is essential to maintain our sustainable operation and we have placed importance on sourcing working capital through different means. During our operations, we aim to diversify our revenue stream by expanding our product portfolio, and improve our account receivable level by strengthening the credit management of customers.

We thus expect to achieve a better working capital management with our control measures.

DESIGN AND R&D

We possess in-depth knowledge of the features, functionalities, markets, customer needs and applications of navigation and positioning products, based on which we perform product iteration, product definition and design of new products and R&D activities. Our design and R&D of GNSS chips and modules are carried out as a group effort in close collaboration between our different teams. Our products team is responsible for products definition, interacting with our customers, enabling our R&D team to acknowledge the customers' needs and application scenarios and passing on our R&D team's technical opinions to our customers. Our production team is responsible for our communication with our fab suppliers and loop in our R&D team when encountering technical issues. Our supply chain team is responsible for screening fab suppliers, reporting the offered price and fab suppliers' performance to our R&D team. Our sales and marketing team mainly deals with customers' problems and provides after-sales services. We believe such effective and seamless collaboration between our internal team directly contributes a successful and smooth IC design.

Our GNSS Chip Design Platform

We have built a comprehensive GNSS chip design platform integrating advanced chip design software, IP modules and design functionalities, with a focus on designing navigation and positioning chips. This platform comprehensively covers the three critical processes of chip design, chip simulation, chip verification and testing in IC design, which enables us with large-scale design capability.

Our GNSS chip design platform encompasses a library of components, including RF modules, ADC sampling modules, anti-interference modules, digital capture and tracking modules, as well as digital baseband algorithm processing modules, positioning algorithm modules, and power management modules. These components and modules in connection with navigation and positioning chips design are all self-developed by us, except for IP-licensed components like CPUs, and are covered by our proprietary patents and copyrights. See "— Intellectual Property." Our GNSS chip design platform utilizes a modular design architecture which makes our design process efficient and cost-effective.

Our R&D Process for GNSS Chips

Our R&D team for GNSS chips and modules conducts technical feasibility studies under the guidance of overall business strategy. We leverage our IP resources to develop new products that meet market demands. To enhance the success rate and quality of development, we have established a structured product development and design management system for GNSS chips and modules, consisting of six stages listed below. Each stage includes a technical review to ensure effective control and efficient execution during project initiation, R&D, and validation.

- ***Project planning stage.*** In this stage, we complete the project proposal, clarifying product technical specifications, requirements, benchmark products, cost analysis, return on investment, and whether the design specifications meet the requirements. Key deliverables include product feasibility analysis, feature definitions, technical objectives, and initial business plans.

- ***Concept design stage.*** This stage involves completing the system architecture design, subsystem architecture designs, detailed development plans, a comprehensive technical specifications list, and baseline requirements. Key deliverables include product requirement management, cost analysis, project planning, technical specifications, system architecture design, tape-out plans, R&D tool cost analysis, quality objectives, and project applications.

- ***Chip design stage.*** This stage focuses on detailed product package design and technical development, including logic design, circuit design, analog and simulation, in preparation for MPW tape-outs. Key deliverables include IP design/IP simulation verification, RF design, RF simulation verification, baseband simulation verification, FPGA verification, chip system firmware development, chip testability design, SoC design, SoC chip validation, layout design, backend verification, and MPW packaging preparation.

- ***Testing and evaluation stage.*** We assess whether the functionality and performance of MPW samples meet design requirements and if they are ready for full-mask trial production. Key deliverables include MPW tape-out, chip verification preparation, firmware development, unit testing, system testing and validation, reliability assessments, product documentation development, full-mask packaging preparation, and design modifications.

- ***Customer trial stage.*** This stage involves completing full-mask sample validation, certification testing, and customer testing to prepare for mass production. Key deliverables include product documentation development, chip probe planning, development and validation of chip probe and final test, chip system validation, reliability and certification testing, chip debugging, and customer validation.

- ***Mass production stage.*** The project is formally concluded with a summary of experiences. We monitor mass production and address customer issues, completing the project closure and reallocating all R&D personnel to lifecycle maintenance.

Our R&D Process for GNSS-related solutions

We have established a structured product development and design management system in connection with GNSS-related solutions. Below sets forth the key stages of our daily R&D workflow, including requirements identification stage, project planning and establishment stage, R&D stage, verification stage and go-live maintenance, among others.

- ***Requirements identification stage***. By conducting market research, competitive product analysis and industry trend research, our R&D members primarily determine the product positioning and core functions, including the performance metrics, appearance requirements and cost budget of the products before producing the "Market Requirement Documents." After the cross-departmental review, our R&D members confirm the technical feasibility, resource matching and prioritization of the products, and form the "Product Requirements Specification."

- ***Project planning and establishment stage***. We conduct a feasibility assessment, which includes evaluating the technical feasibility, assessing the resources required for product development, and conducting relevant risk assessments. A project proposal based on the aforementioned feasibility assessment will be submitted to the management for review and approval, to confirm the project budget, milestones and KPIs (e.g. mass production time, yield target). Once the project planning review is approved, we will establish a project development team, comprising hardware engineers, structural engineers, procurement staff, production staff, and quality assurance staff, among others.

- ***Development stage***. The products under development will go through three development stages, including the following:

  (i) Engineering verification test stage, which consists of (a) hardware design, including the schematic design, printed circuit board layout design, and creating a bill of materials, (b) structure design, including 3D modeling, hand board production, and assembly verification, and (c) firmware development, including driver development and basic function intermodulation. Once the abovementioned steps are completed, the first version of the prototype will be produced for functional verification;

  (ii) Design verification test stage, which consists of (a) test verification, including temperature and vibration tests, electromagnetic compatibility test and safety test, (b) design optimization, including correcting hardware and structural defects, optimizing heat dissipation and power consumption, and (c) prepare the test report and finalize the design; and

  (iii) Production verification test stage, in which we will commence the small batch trial production to verify the production process, fixtures and fittings, and production line efficiency. We will also conduct yield analysis aiming to solve the problems of welding and assembly and thus optimize the production process. Based on the above results, the "Trial Production Report" will be prepared and the feasibility of mass production could be confirmed.

- ***Verification and mass production stage***. The produced prototype will be delivered to our customer for testing. Once the prototype passes the test, our customer will need to sign the acceptance confirmation, and we will then carry out the mass production. Before the mass production, we will sign purchase contracts with suppliers to ensure sufficient material preparation. We also provide technical training to the factories responsible for production and set up standard operating procedures (SOPs) and quality control inspection standards. During the mass production, we will monitor the product yield and delivery progress.

- ***Maintenance and optimization stage***. Our after-sales support staff will handle user feedback and provide technical repairs, firmware upgrades and other services. We also track and analyze the problems that occur and analyze the root cause of the returned products. In addition, we will carry out iterative optimization of hardware and product versions, including optimization of circuit design, replacement of cost-effective materials, and planning for the next generation of products based on market feedback.

Our R&D Team

Development of GNSS chips and modules require excellent IC architecture design capabilities and sufficient experience along with a thorough, in-depth and systematic understanding of IC products and functionalities. We are supported by a robust R&D team led by Mr. Hau Ka Wai, our chief technology officer, for the R&D of GNSS chips and modules of 77 dedicated employees located in Beijing, Shanghai, Shenzhen and Hong Kong as of December 31, 2024. Many of our R&D staff are semiconductor engineers with profound expertise in technology and material innovation. Over 50% of them hold a master's degree or above and over 60% of them bring over three years of tenure with our Company as of December 31, 2024. We also have a dedicated R&D team for our GNSS-related solutions, comprising 40 employees located in Shanghai as of December 31, 2024.

Our R&D team for GNSS chips and modules consists of four departments, including: (i) chip technology department, (ii) algorithm technology department, (iii) system engineering department, and (iv) research and development test department. Our R&D team for GNSS-related solutions consists of three department, including: (i) hardware R&D department, responsible for the R&D and design of hardware, (ii) software R&D department, responsible for the R&D and design of embedded software as well as related tests, and (iii) product management department, responsible for coordinating with cross-functional teams to refine the detailed development plan as well as overseeing project management and monitoring according to the project plan.

Our R&D team members keep abreast with new technological trends by receiving on-the-job training. Further, from time to time, we invite industry experts from external institutions to provide advisory insights for our R&D teams. We also exchange ideas and thoughts on R&D progress or latest market trends by attending industry forums. We consider our communication with industry experts and participation in industry events helpful to our R&D activities. We collaborate with various universities to conduct joint R&D programs relating to satellite navigation technologies.

PROCUREMENT

With respect to our GNSS chips and modules, we primarily focus on R&D, market expansion, and product sales, with all production processes outsourced. In relation to our GNSS chips, we adopt a fabless operation model. Based on our designed ICs, our procurement mainly involves wafer production, wafer packaging, and testing services. This process requires high dependency on suppliers. We have established long-term, stable partnerships with high-quality wafer foundries, packaging factories, and testing facilities to ensure stable material supply and reliable product quality. In relation to our GNSS modules, we utilize an OEM collaboration model. As the brand owner, we complete the circuit design for module products, procure key materials and entrust third-party manufacturers to process and produce the finished modules. During the Track Record Period, we primarily procured (i) foundry-manufactured wafers with completed built-on circuits designed by us from a renowned foundry located in Taiwan and other foundries located in mainland China, the packaging and testing of which were entrusted to third party factories located in mainland China and (ii) electronic components in connection with our GNSS chips and modules from manufacturers located in and outside mainland China.

The purchase price of wafers is primarily affected by manufacturing processes adopted by foundries that fabricate silicon wafers into ICs or wafers with specific functions and application scenarios as well as the market demand of foundries' manufacturing capacity. Generally speaking, more complicated manufacturing processes adopted by foundries in accordance with the specific IC design requirements lead to higher prices of untested wafers. For example, a wafer with more stringent requirements for size and integration level costs a higher purchase price. As we operate with a fabless model in relation to GNSS chips and modules, we are affected by the fluctuations in the purchase price of wafers. The global semiconductor industry operates in cycles. To manage the raw material cost, we usually pre-order wafers based on our anticipated product mix and delivery schedule. We cannot assure that the average overall purchase price may or may not increase after our pre-ordered patterned wafers are fully utilized, as the average overall purchase price is affected by various factors that are beyond our control. However, with effective procurement and inventory management, we believe we are able to continue to mitigate our potential exposure to fluctuation in procurement cost.

With respect to our GNSS-related solutions, we primarily procure third-party sensors and collectors, battery packs, shell structural parts for processing, circuit boards, GNSS high-precision antennas and modules, and electronic components, from third-party manufacturers. With respect to our comprehensive chips and modules business, we primarily procure communication baseband chips, storage chip modules and RF chips from third party chip and module manufacturers.

Our procurement team is mainly responsible for formulating procurement plans based on the requests raised by our sales and marketing team and R&D team, and liaising with our suppliers, placing procurement orders and following up on deliveries.

Our procurement process generally includes three phases, namely, formulation of procurement plan, manufacturing of products, and delivery and inspection.

- *Formulation of procurement plan*. We hold monthly meetings with various internal departments to establish the procurement plan based on our distributors' inventory, our semi-finished products for packaging and testing, and projected customer demand for the next three to six months. We submit the procurement request list through our internal office automation (OA) system for approval before placing orders with our suppliers. Additionally, at the end of each year, our R&D team and each project team will determine the procurement budget for the following year. This budget will be distributed and discussed during our senior management meeting and will serve as a reference for next year's actual procurement plan upon approval.

- *Manufacturing of products*. Following our procurement plans, we turn to our suppliers for procurement of wafers which will be manufactured by third-party foundries (where wafers we procure have been built with our designed circuits), and then require our entrusted third-party service providers to package and test the wafers. The whole manufacturing process takes approximately three to four months.

- *Delivery and inspection*. We usually request the manufactured patterned wafers to be delivered to our warehouse located in Shenzhen, upon which we will arrange for subsequent inspection and chip probing on the delivered products.

OUR SUPPLIERS

Our suppliers primarily include foundries, manufacturers of navigation and positioning chips peripherals, as well as companies engaging in chip verification and testing related industries as well as third-party chip and module manufacturers in relation to our comprehensive chips and modules business. During the Track Record Period, our purchases from our five largest suppliers accounted for 66.4%, 71.3% and 64.4% of our total purchases in 2022, 2023 and 2024, respectively, while our purchase from the largest supplier accounted for 37.0%, 39.7% and 33.8% of our total purchases, respectively, for the same periods. During the Track Record Period, our suppliers generally granted us a credit term of 0 to 90 days.

The following tables set out the details of our five largest suppliers in each year based on purchases from them during the Track Record Period:

For the year ended December 31, 2022

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Term	Payment Method	Purchase amount	Percentage of total purchase amount
						(RMB'000)	
1.	Supplier A[(1)]	Chips and modules in our comprehensive chips and modules business	2021	Monthly settlement within 30 days	Bank transfer	256,953	37.0%
2.	Supplier B[(2)]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	143,285	20.6%
3.	Supplier C[(3)]	Raw materials in our GNSS chips, modules and related solutions business	2017	Prepayment	Bank transfer	23,342	3.4%
4.	Supplier D[(4)]	Chips and modules in our comprehensive chips and modules business	2022	Prepayment	Bank transfer	20,390	2.9%
5.	Supplier E[(5)]	Raw materials in our GNSS chips, modules and related solutions business	2021	Prepayment	Bank transfer	17,346	2.5%
	Total					**461,316**	**66.4%**

For the year ended December 31, 2023

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Term	Payment Method	Purchase amount	Percentage of total purchase amount
						(RMB'000)	
1.	Supplier A[(1)]	Chips and modules in our comprehensive chips and modules business	2021	Monthly settlement within 30 days	Bank transfer	270,506	39.7%
2.	Supplier B[(2)]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	110,499	16.2%
3.	Supplier F[(6)]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	54,346	8.0%
4.	Supplier C[(3)]	Raw materials in our GNSS chips, modules and related solutions business	2017	Prepayment	Bank transfer	32,879	4.8%
5.	Supplier G[(7)]	Chips and modules in our comprehensive chips and modules business	2023	Prepayment	Bank transfer	17,587	2.6%
	Total					**485,817**	**71.3%**

For the year ended December 31, 2024

Ranking	Supplier	Nature of Purchase	Year of commencement of business relationship with us	Credit Term	Payment Method	Purchase amount	Percentage of total purchase amount
						(RMB'000)	
1.	Supplier A[1]	Chips and modules in our comprehensive chips and modules business	2021	Monthly settlement within 30 days	Bank transfer	284,049	33.8%
2.	Supplier B[2]	Chips and modules in our comprehensive chips and modules business	2021	Payment within seven days following the delivery	Bank transfer	127,775	15.2%
3.	Supplier F[6]	Chips and modules in our comprehensive chips and modules business	2021	Prepayment	Bank transfer	64,509	7.7%
4.	Shenzhen Water World Information Co. Ltd. (深圳市水世界信息有限公司)[8]	Foundry service in our GNSS chips, modules and related solutions business	2021	Payment within seven days following the delivery	Bank transfer	33,880	4.0%
5.	Supplier H[9]	Chips and modules in our comprehensive chips and modules business	2024	Payment within seven days following the invoice date	Bank transfer/Note	31,189	3.7%
	Total					**541,402**	**64.4%**

Notes:

(1) A Shanghai-headquartered company focusing on R&D and technological innovation of wireless chips with total assets of RMB6.5 billion as of December 31, 2024, engaged in wireless communications and manufacturing of semiconductor products, established in 2015 and listed on the Shanghai Stock Exchange.

(2) A Shenzhen-headquartered globally leading branded independent semiconductor memory product enterprise with total assets of RMB16.9 billion as of December 31, 2024, offering comprehensive solutions across the memory value chain, established in 1999 and listed on the Shenzhen Stock Exchange.

(3) A Taiwan-headquartered globally leading dedicated IC foundry in the semiconductor industry with total assets of US$204.2 billion as of December 31, 2024, established in 1987 and listed on the Taiwan Stock Exchange and New York Stock Exchange.

(4) A Hefei-headquartered design and R&D company with the registered capital of RMB40.4 million, specializing in automotive electronic chips and related systems, established in 2013.

(5) A Taiwan-headquartered global semiconductor foundry, providing high-quality integrated circuit manufacturing services with total assets of US$17.4 billion as of December 31, 2024, established in 1980 and listed on the New York Stock Exchange and the Taiwan Stock Exchange.

(6) A Shenzhen-headquartered enterprise with the registered capital of RMB414.4 million, specializing in the R&D and sales of high-performance RF front-end chips and module products, established in 2017.

(7) A Hong Kong-based private company limited by shares, established in 2013.

(8) A Shenzhen-based company with the registered capital of RMB20.0 million, mainly engaged in the manufacturing of computers, communications and other electronic equipment industry, established in 2020.

(9) A leading global provider of total solutions for the IoT with the total assets of RMB13.0 billion as of December 31, 2024, established in 2010 and listed on the Shanghai Stock Exchange.

We acquainted our five largest suppliers primarily through direct marketing efforts or referrals. These referrals mainly came from our existing business partners, close clients, or industry peers who introduced us to potential suppliers based on mutual business interests.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year were Independent Third Parties. There was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest suppliers during the Track Record Period and us, our Directors, shareholders or senior management, or any of their respective associates. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers in each year as of the Latest Practicable Date.

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, material breach of contracts on the part of our suppliers, or delay in delivery of our orders from our suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned suppliers.

Key Terms of Procurement Agreements with Suppliers

We have entered into procurement agreements with our suppliers, the key terms and conditions of which are summarized as follows:

- *Procurement.* We may place orders from time to time, which primarily includes unit price, quantity of units, purchase amount, delivery of products and settlement of payment. Suppliers generally do not impose requirement of minimum purchase amount on us.

- *Product return.* Products can be returned within a specified period if there are quality problems.

- *Confidentiality.* Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party.

- *Termination.* The agreements we entered into with our major suppliers are typically effective for one to three years. The procurement agreement may be terminated (i) upon mutual consent of both parties; (ii) in the event of a force majeure; and (iii) by the non-defaulting party in the event of a material breach.

- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during our agreement term, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to initiate arbitration.

SALES, MARKETING AND DISTRIBUTION OF OUR PRODUCTS

During the Track Record Period, our products and solutions were primarily sold in the PRC. Our revenue from sales to customers in mainland China and Hong Kong amounted to RMB692.0 million, RMB640.1 million, and RMB836.4 million, respectively, accounting for 99.1%, 99.2%, and 99.5%, respectively, of our total revenue in 2022, 2023 and 2024.

We market our products and solutions through our sales and marketing team, which is responsible for identifying suitable potential markets and customers. Our dedicated sales and marketing team is responsible for formulating and coordinating marketing activities and promotion campaigns. Our sales and marketing members are equipped with knowledge and expertise about our products and solutions, and are able to identify the requests of downstream customers and provide technical support. They stay abreast of emerging products and technologies that appeal to our existing and potential customers and provide our customers with pre-sale consultations and recommendations tailored to their needs. As of December 31, 2024, our sales and marketing team consisted of 57 members who worked closely with other teams as well as our distributors to execute our marketing strategies.

Under our GNSS chips, modules and related solutions business line, we use a mix of distributorship model and direct sale model for GNSS chips and modules, while we only use direct sale model for our GNSS-related solutions. Under our comprehensive chips and modules business line, we only use direct sale model.

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 periods indicated:

	Year ended December 31					
	2022		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
GNSS chips, modules and related solutions						
Distribution	35,299	5.1	62,905	9.8	80,057	9.5
Direct sales	158,134	22.6	104,560	16.2	158,128	18.8
Subtotal	193,433	27.7	167,465	26.0	238,185	28.3
Comprehensive chips and modules (direct sales)	504,564	72.3	477,671	74.0	602,101	71.7
Total	**697,997**	100.0	645,136	100.0	840,286	100.0

Our Distribution Channels

During the Track Record Period, we primarily sold and marketed our GNSS chips and modules through third-party professional distributors. After purchasing the navigation and positioning products from us, our distributors may at their discretion perform onward sales to their respective downstream customers. Our distributor customers primarily engage in distribution and sales of GNSS chips and modules. In 2022, 2023 and 2024, our total sales to distributors amounted to RMB35.3 million, RMB62.9 million and RMB80.1 million, respectively, accounting for 5.1%, 9.8% and 9.5%, respectively, of our total revenue for the corresponding years. For details of the principal businesses of our major distributor customers during the Track Record Period, see "— Our Customers."

Distributors Management

We consider a number of factors in selecting distributors, including their business scale overall business management and financial performance, among others. As advised by CIC, our distributorship model is in line with industry norm.

We sell our GNSS chips and modules to our distributors in accordance with the terms in our distribution agreements with the purchase amounts as specified in purchase orders based on the demand of our distributors, and do not impose minimum purchase or sales targets on our distributors. For details of the salient terms of such distribution agreements with our distributors during the Track Record Period, see "— Key Terms of Distribution Agreements." Our products are physically delivered to the distributors when they make purchases from us. We recognize revenue when the distributors take possession of and accept the products. During the duration of our distribution agreements, our distributors are generally not allowed to return any unsold products to us. Product return policies are not applicable in our distribution agreements with our distributors, except that our distributors may negotiate with us on return and indemnification of defective products due to our faults according to relevant laws and regulations, in line with the industry norm.

All of our distributors are our customers and we maintain a seller-buyer relationship with them. Though our distributors maintain a "buy-out" model with us, we may check our distributors' inventory level, as regulated in our "Distributors Management Policy" and agreed by our distributors. As part of our Distributor Management Policy, we maintain regular communication with our distributors, and request our distributors to periodically provide sales reports for us to acknowledge their inventories and sales targets. In accordance with the Sales Department Workflow and Management System, we have stipulated production-to-order for module products, with a minimum order quantity (MOQ) of 10,000 units. For orders below the MOQ, an engineering batch fee of RMB2,000 will be charged. If customers are unwilling to bear the engineering batch fee, they will be informed to wait until other customers have production demands for the same model to meet the MOQ before scheduling production. Chip products have strong compatibility, and we maintain a certain level of safety stock. Currently, no MOQ has been set for chip products. In addition, we have effective inventory control system. For details, see "— Inventory Management." During the Track Record Period, to the best knowledge of our Directors, there was no material channel stuffing issue and cannibalization risks among our distributors as a result of their "buy-out" model with us. As advised by our Internal Control Consultant, no major issues were identified in terms of our Distributor Management Policies during the Track Record Period.

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of the Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates.

The below table sets forth the movement of our distributors during the Track Record Period.

	Year ended December 31,		
	2022	**2023**	**2024**
Number of distributors at the beginning of the period	8	8	13
Number of terminated distributors for the period	—	—	—
Increase (or decrease) in number of distributors for the period	—	5	5
Number of distributors at the end of the period	**8**	**13**	**18**

In general, we maintain good business relationship with our current distributors during the Track Record Period. In 2022, 2023 and 2024, we engaged nil, five and five new distributors respectively. We review our business relationship with distributors through periodic assessment. We did not terminate business relationship with our distributors during the Track Record Period.

Through our distribution channels, we are able to focus on the design aspects of GNSS chips and modules and optimize our design capabilities. Going forward, we aim to attract and establish long-term business relationship with new distributors by expanding our sales and marketing team, participating in industry exhibitions, strengthening our brand promotion, providing sufficient technical support and after-sales services, and collaborating with top market players in the industry. We also plan to improve the abilities of our in-house sales and marketing team members.

Subsequent Sales of Our Products to Downstream Customers

Our major distributors primarily sell our GNSS chips and modules to their respective customers across the following fields, including consumer electronics, transportation, and environmental monitoring and early warning. The customers of these industries comprise our major downstream customers. These downstream customers purchase our products to equip their self-branded products for navigation and positioning purpose.

Based on the information provided by our distributors, during the Track Record Period, the revenue contribution from our major downstream customers experienced continuous increase, which was in line with our business growth. The revenue derived from downstream customers of bike-sharing sector accounted for a substantial amount of our revenue generated from our GNSS chips, modules and related solutions business.

Key Terms of Distribution Agreements

We have entered into typical framework distribution agreements with our distributor customers. The key terms and conditions of our framework distribution agreements with our distributor customers are summarized as follows:

- *Purchases.* The purchase amount is specified in purchase orders to be placed by the distributor customers of our Group. We typically do not impose requirement of minimum purchase amount.

- *Selling prices.* The prices of our products are specified in purchase orders.

- *Business model.* The distributor customers and us operate under the "purchase and resell" model. The distributor customers pre-order the products and resell them to downstream customers who need to be acknowledged and approved by us in advance, and the distributor customers pay us for the required products in the agreed manner.

- *Obligations of each party.* We deliver the products in the manner agreed upon in each purchase order, and furnish them with the current price and product information. We ensure that the products fully comply with the technical specifications we have established. Our distributor customers use their best efforts to promote the distribution of our products and shall have field application engineers (FAEs) to provide effective support for our products in order to promptly respond to technical problems encountered by our downstream customers. Our distributor customers are obligated to inspect the materials upon the arrival of the products at the warehouse or designated location. Our distributor customers are required to comply with the distributor management approach developed and implemented by us.

- *Risk allocation.* Control of the products shall be passed to our distributor customers upon the products are delivered to the designated location. The risk of damage to, or loss of, the products shall be borne by our distributor customers upon delivery.

- *Warranty and product return.* Warranty term is one year, effective from the receipt of the delivery. Our distributor customers may deliver the defective products to our designated locations for our detection and analysis, and we shall repair or replace the defective products if the issues are confirmed to have arisen from quality reasons.

- *Confidentiality.* Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party without the prior written consent of the other party.

- *Renewal and termination.* Each of our framework distribution agreements with our distributor customers remains effective for one year and will be automatically renewed, unless either party intends to terminate by giving prior written notice before the agreement expires. The framework distribution agreement may be terminated (i) upon mutual consent of both parties; (ii) in the event of a force majeure; and (iii) by the non-defaulting party in the event of a material breach.

- *Dispute resolution.* In the event of any dispute related to the enforcement of any agreement during the term of the framework distribution agreements, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to submit the dispute to Shenzhen Arbitration Commission.

Our Direct Sales

Under our direct sales model, we directly acquire new customers primarily through (i) customer referrals, (ii) attending activities, exhibitions and conferences, and (iii) direct marketing efforts. All of our direct sales during the Track Record Period were derived from downstream customers without involving any distributor. In 2022, 2023 and 2024, our direct sale revenue amounted to RMB662.7 million, RMB582.2 million, and RMB760.2 million, respectively, accounting for 94.9%, 90.2%, and 90.5%, respectively, of our total revenue for the corresponding years.

Our direct sale customers are primarily comprised of (i) customers of our GNSS chips and modules, (ii) public enterprises and government institutions of our GNSS-related solutions, which are mainly engaged in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors, and (iii) customers from our comprehensive chips and modules business, which are mainly engaged in consumer electronics and transportation industries. Certain of our direct sale customers of our GNSS chips and modules may resell our products without our knowledge. For details of the principal businesses of our major direct sale customers during the Track Record Period, see "— Our Customers."

We consider it critical to diversify our revenue stream and plan to deepen our collaboration with existing direct sale customers and attract and establish long-term business relationship with new direct sale customers in the near future.

The salient terms of our standard direct sales agreements in connection with GNSS chips and modules during the Track Record Period are set out below:

- *Procurement:* The purchase amount, unit price, quantity, delivery terms and payment settlement are specified in the direct sales agreement or purchase order. We typically do not impose a minimum purchase requirement.

- *Payment and credit term:* Payment is due when direct sales customers confirm acceptance of our products. We generally grant a credit period of approximately 0 to 60 days from the date of billing.

- *Obligations of each party:* We deliver products in accordance with the terms agreed upon in each direct sales agreement or purchase order, ensuring that the products meet the mutually agreed-upon quality standards. Our direct sales customers are responsible for inspecting the products upon delivery at the designated location.

- *Risk allocation:* The risk of damage to or loss of the products is transferred to the direct sales customer upon its acceptance of delivery.

- *Warranty and product return:* The warranty term is one year from the date of delivery. If defects are confirmed to be due to quality of the products, we will repair or replace the defective products and cover the shipping cost for the replacement within the warranty period.

- *Dispute resolution:* In the event of any dispute arising from the enforcement of any agreement during the term of the direct sales agreement, both parties agree to resolve the matter amicably through negotiation.

The salient terms of our standard direct sales agreements in connection with GNSS-related solutions during the Track Record Period are set out below:

- *Term*: The duration of the agreements with our GNSS-related solutions customers typically ranges from one to three years and on project basis.

- *Respective roles and responsibilities:*

  We are generally responsible for:

  1. Providing and installing GNSS equipment and delivering services as agreed under the agreements.

  2. Assigning experienced and competent personnel to provide services and not replacing project personnel without the customer's prior consent.

  3. Regularly updating on the progress of the projects or relevant data.

  4. Accepting supervision and considering reasonable advice from the customer.

  5. Providing necessary assistance related to project implementation.

  6. Preparing and delivering reports on project results within the period specified in the agreements.

  Our customers are typically responsible for:

  1. Providing necessary information related to project implementation within the period specified in the agreements.

  2. Performing assessments of the GNSS equipment and solutions provided by our Group and raising any concerns (if any) within the period specified in the agreements.

- *Payment schedule*: We are typically entitled to (i) an upfront payment or initiation payment within a specified time period following the effectiveness of the relevant agreements, and (ii) typically one or more milestone payments when the relevant projects reach certain development milestones or events specified in the relevant agreements.

- *Confidentiality*: We are obligated to keep confidential any information related to the performance of the agreements, including but not limited to the confidential information received from the customers, except when we obtain prior written consent from the customers or are required to disclose such confidential information by competent authorities.

- *Dispute resolution:* In the event of any dispute related to product quality, state-recognized quality testing organizations shall assess the product quality in accordance with national standards. In the event of any dispute related to the enforcement of any agreement during the term of the direct sales agreements, both parties shall negotiate amicably.

The salient terms of our standard direct sales agreements in connection with comprehensive chips and modules business during the Track Record Period are set out below:

- *Procurement*: The purchase amount, unit price, quality, delivery terms and payment settlement are specified in the direct sales agreement or purchase order. We typically do not impose a minimum purchase requirement.

- *Payment and credit term:* Payment is settled on a monthly basis based on orders which have been accepted. We generally grant a credit period of approximately 0 to 90 days from the date of billing.

- *Obligations of each party:*

  We deliver the products in accordance with the terms agreed upon in each purchase order and provide a delivery order with product-related information, such as order number, product number, and quantity.

  We ensure that the products fully comply with the quality standards mutually agreed upon.

  Our direct sales customers are responsible for inspecting the products upon arrival at the designated location.

- *Risk allocation:* The risks are transferred to the direct sales customers upon their acceptance of delivery.

- *Liability for contract breach:* If we fail to deliver the products on time without prior written notice, we are generally required to pay our direct sales customers liquidated damages for the delay in delivery. The terms may also provide for liquidated damages accrued at a daily rate ranging from 0.1% to 5% of the contract amount in case of late delivery.

- *Warranty and product return:* The warranty term is one year, effective from the receipt of the delivery. In the event of a quality issue, we are obligated to provide a response and resolution within 48 hours of receiving notification, repair or replace the defective products within the warranty period.

- *Dispute resolution:* In the event of any dispute related to the enforcement of any agreement during the term of the direct sales agreement, both parties shall negotiate amicably.

Third-party Payment Arrangement

Background

During the Track Record Period, certain customers in our comprehensive chips and modules business (the "**Relevant Customers**") settled their payments with us through third parties lack of proper designation letters prior to the payments (the "**Third-party Payment Arrangement**"). In 2022, 2023 and 2024, 18, 11, and seven customers made payments through an aggregate 59 third parties in 2022, 2023 and 2024, respectively. The aggregate amount we received under the Third-party Payment Arrangement was RMB89.2 million, RMB61.7 million, and RMB36.1 million in 2022, 2023, and 2024, respectively.

The third parties which settled payments on behalf of the Relevant Customers under the Third-party Payment Arrangement (the "**Third-party Payors**") primarily comprised: (i) 27 supply chain service providers and (ii) 32 downstream customers of the Relevant Customers. Our Group would only recognize payments from the Third-party Payors after we verified the payment details with the Relevant Customers, which would be applied to reduce the corresponding account receivables due to the Relevant Customers with our Group. Our Directors confirm that, to the best of their knowledge and belief and based on publicly available information, none of the Relevant Customers and the Third Party Payors were connected persons of our Group, nor were they associated with any of our Directors, senior management or Shareholders who owned more than 5% of our issued share capital.

Transaction Flow

Save for passively receiving the payment, we have not been involved in any arrangements between the Relevant Customers and their respective Third-party Payors pursuant to which the Third-party Payment Arrangements were made, nor have we been involved in any payment process or settlement procedures between them.

During the Track Record Period: (i) we did not proactively initiate or otherwise solicit the Third-party Payment Arrangement; and (ii) we did not offer any discounts, rebates, or other incentives to encourage the use of the Third-party Payment Arrangement.

Reasons for Utilizing Third-party Payment Arrangement

Our Directors confirm that the use of the Third-party Payment Arrangement during the Track Record Period was primarily for the purpose of facilitating the requests of the Relevant Customers who, for various administrative reasons as set out below, requested to settle the payment through third party payors. To the best knowledge of our Directors, some Relevant Customers preferred to use supply chain service providers for importing and exporting goods from Hong Kong into the mainland China, who also provided services such as settlement, customs clearance, commodity inspection, and transportation, thereby enhancing supply chain efficiency and reducing logistics costs. These supply chain service providers are mostly incorporated in Hong Kong with principal business of providing supply chain services. Furthermore, to the best knowledge of our Directors, certain Relevant Customers preferred to instruct their downstream customers to make direct payments to our Group out of convenience, so as to offset the amounts such downstream customers owed to such Relevant Customers, and streamlined their payment processes and reduced administrative burdens. As confirmed by CIC, it is common in the semiconductor distribution industry for customers to rely on third parties such as supply chain service providers or downstream customers to settle their payments with their suppliers.

Legal Compliance Relating to Third-party Payment Arrangement

Hong Kong

As advised by our Hong Kong Legal Counsel, the Third-party Payment Arrangement is not subject to any legal or regulatory restrictions in Hong Kong, save for sections 25 and 25A of the Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) ("**OSCO**"), sections 25 and 25A of the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong) ("**DTRPO**") and sections 8A and 12 of the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong) ("**UNATMO**"). No foreign exchange control policy is applied in Hong Kong.

On the basis that (i) our confirmation that after due and careful enquiry, we were not aware of any material non-compliance committed by the Relevant Customers and their designated Third-party Payors involved in the Third-party Payment Arrangement; (ii) searches against the Relevant Customers and their designated Third-party Payors involved in the Third-party Payment Arrangement do not reveal any disciplinary action and/or regulation violation records against them which is relevant to the Third-party Payment Arrangement; (iii) to the extent that we do not know and do not have reasonable grounds to believe that the payments made under Third-party Payment Arrangement represent any person's proceeds of an indictable offence or drug trafficking, or is terrorist property, our Hong Kong Legal Counsel is of the view that our risk of being found to have breached such anti-money laundering laws and regulations is remote.

On the basis that the Third-party Payors have been acting as the agents of the Relevant Customers as principal to settle the Relevant Customers' payments, any causes of action against the Group rest with the Relevant Customers, but not the Third-party Payors or their respective potential liquidators. In the premises, our Hong Kong Legal Counsel is of the view that the risk of successful claim by any of the Third-party Payors or their respective liquidators is remote.

PRC

On the basis that (i) the relevant payments were based on *bona fide* underlying transactions and valid contracts during the Track Record Period, (ii) our Group would only recognize payments from the Third-party Payors after we verified the payment details with the Relevant Customers, and (iii) the Third-party Payment Arrangement is primarily for the purpose of facilitating the requests of the Relevant Customers, our PRC Legal Advisors are of the view that (i) the risk of our Group being subject to administrative penalties in violation of PRC laws and regulations related to foreign exchange in PRC under the Third-party Payment Arrangement is remote; (ii) the risks are remote for our Group to be found obligated to return funds to the Relevant Customers, their designated Third-party Payors, or their respective liquidators under the Third-party Payment Arrangement; (iii) the risk of money laundering under PRC laws related to the Third-party Payment Arrangement is remote.

Based on the foregoing, our Directors confirm that, (i) during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contracts, and (ii) the risk of committing crimes, such as fraud, money laundering crime or commercial bribery is remote.

Enhanced Internal Control Measures

Our Group is aware that transactions involving the Third-party Payment Arrangement may negatively affect our financial information and our normal business operations. Furthermore, misconducts involved during the settlement, such as embezzlement, fraud or other illegal activities, may significantly harm our reputation and brand image. For further information, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to various risks relating to third-party payment arrangements."

To safeguard our interest against risks associated with Third-party Payment Arrangement, since early 2025, we have significantly enhanced and implemented various internal control measures in order to properly manage the risks relating thereto. Our efforts include, among other things:

(i) we ceased to accept payments from Third-party Payors through Third-party Payment Arrangement. All payments from Third-party Payors will not be accepted unless they are made upon customers' request accompanied with duly signed designation letters (the "**Delegation Proof**"), which must be based on *bona fide* underlying transactions and valid contracts and in line with the industry practice, as approved on a base-by-case basis (the "**Authorized Payment Arrangement**");

(ii) before accepting any Authorized Payment Arrangement, information of the designated Third-party Payors such as business registration, licenses and relationship proofs with the Relevant Customers shall be provided to our Group to assess whether the use of the Authorized Payment Arrangement is supported by genuine reasons, whether there is risk for accepting payments under the Authorized Payment Arrangement and whether the designated Third-party Payors are Independent Third Parties;

(iii) to the extent that such customers request to use the Authorized Payment Arrangement when the purchase agreements or orders are entered into, the relevant Delegation Proof which sets out identities of the Third-party Payors and period of authorization, must be attached to and form part of the purchase agreements or orders;

(iv) we will not accept payment when the authorization period of the Designation Proof expires without renewal;

(v) payment receipts made under the Authorized Payment Arrangement shall specify the sufficient details including the identities of the Third-party Payors which shall match the information set out in the corresponding Delegation Proof;

(vi) when accepting payments from Third-party Payors under the Authorized Payment Arrangement, we verify the payment details against the information in our system to ensure that such payments were settled through the designated Third-party Payors as specified in the Delegation Proof;

(vii) our employees are required to reject and/or return all payments made by payors and requests for payment arrangements to be made by third parties which are not our customers that fail to satisfy the abovementioned requirements; and

(viii) our employees are required to notify the above policies and measures to all customers prior to the entering into new purchase agreements and orders.

The internal control consultant performed a review of the internal control measures as described above on third-party payments and did not identify any material deficiencies. Our Directors are of the view that the enhanced internal control measures are effective and adequate and the risks relating to the payment arrangements made by third parties which are not our customers are properly managed going forward and have effectively mitigated money laundering and other risks associated therewith. Based on the above, to the best knowledge of our Directors, our Directors believe that the Third-party Payment Arrangement during the Track Record Period has been recorded completely and accurately in our accounting books and records in all material respects.

OUR CUSTOMERS

Our customers primarily include (i) companies principally engaged in distribution and sales of electronic components, semiconductors and modular circuits with respect to our GNSS chips and modules, as well as entities engaged in water conservancy and hydropower, land and geological disaster prevention, mine tailings facilities, and infrastructure and civil construction sectors with respect to our GNSS-related solutions, and (ii) companies engaged in consumer electronics and transportation industries with respect to our comprehensive chips and modules business. During the Track Record Period, revenue contributed from our five largest customers accounted for 45.0%, 46.3% and 38.6% of our total revenue in 2022, 2023 and 2024, respectively, while the largest customer contributed 12.5%, 14.4% and 12.8% of our total revenue, respectively, for the same periods. During the Track Record Period, we generally granted a credit term ranging from 0 to 90 days to our customers.

The following tables set out the details of our five largest customers in each year based on their revenue contribution during the Track Record Period:

For the year ended December 31, 2022

Ranking	Customer	Nature of Purchase	Year of commencement of business relationship with us	Type of customer	Credit Term	Payment Method	Purchase amount	Percentage of total revenue
							(RMB'000)	
1.	Customer A[1]	Chips and modules in our comprehensive chips and modules business and standard precision chips in our GNSS chips, modules and related solutions business	2021	Direct sale customer	Monthly settlement within 60 days	Bank transfer	87,142	12.5%
2.	Customer B[2]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2019	Direct sale customer	Monthly settlement within 60 days	Bank transfer	86,530	12.4%
3.	Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司)[3]	Chips and modules in our comprehensive chips and modules business	2020	Direct sale customer	Monthly settlement within 60 days	Bank transfer	66,782	9.6%
4.	Customer C[4]	Chips and modules in our comprehensive chips and modules business	2021	Direct sale customer	Monthly settlement within 45 days	Bank transfer	37,722	5.4%
5.	Customer D[5]	Chips and modules in our comprehensive chips and modules business, GNSS chips and modules in our GNSS chips, modules and related solutions business	2020	Direct sale customer	Monthly settlement within 60 days	Bank transfer	35,414	5.1%
	Total						**313,589**	**45.0%**

For the year ended December 31, 2023

Ranking	Customer	Nature of Purchase	Year of commencement of business relationship with us	Type of customer	Credit Term	Payment Method	Purchase amount	Percentage of total revenue
							(RMB'000)	
1.	Customer B[2]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2019	Direct sale customer	Monthly settlement within 60 days	Bank transfer	92,844	14.4%
2.	Shanghai INNOVATE8 TECH Co., Ltd. (上海創八通信科技有限公司)[6]	Chips and modules in our comprehensive chips and modules business	2021	Direct sale customer	30 days after service provided	Bank transfer	76,031	11.8%
3.	Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司)[3]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2020	Direct sale customer	Monthly settlement within 60 days	Bank transfer	70,426	10.9%
4.	Customer E[7]	Chips and modules in our comprehensive chips and modules business	2021	Direct sale customer	Monthly settlement within 45 days	Bank transfer	34,168	5.3%
5.	Customer F[8]	Chips and modules in our comprehensive chips and modules business	2022	Direct sale customer	30 days after service provided	Bank transfer	25,067	3.9%
	Total						**298,537**	**46.3%**

For the year ended December 31, 2024

Ranking	Customer	Nature of Purchase	Year of commencement of business relationship with us	Type of customer	Credit Term	Payment Method	Purchase amount	Percentage of total revenue
							(RMB'000)	
1.	Customer B[2]	Chips and modules in our comprehensive chips and modules business, standard precision chips in our GNSS chips, modules and related solutions business	2019	Direct sale customer	Monthly settlement within 60 days	Bank transfer	107,841	12.8%
2.	Customer F[8]	Chips and modules in our comprehensive chips and modules business	2022	Direct sale customer	30 days after service provided	Bank transfer	65,962	7.8%
3.	Customer A[1]	Chips and modules in our comprehensive chips and modules business, standard precision chips and high precision chips in our GNSS chips, modules and related solutions business	2021	Direct sale customer	Monthly settlement within 60 days	Bank transfer	63,550	7.6%
4.	Customer G[9]	Chips and modules in our comprehensive chips and modules business, GNSS chips and modules in our GNSS chips, modules and related solutions business	2017	Direct sale customer and distributor	Prepayment	Bank transfer	46,317	5.5%
5.	Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司)[3]	Chips and modules in our comprehensive chips and modules business	2020	Direct sale customer	Monthly settlement within 75 days	Bank transfer	41,300	4.9%
	Total						**324,970**	**38.6%**

Notes:

(1) A Shanghai-based technology company with the registered capital of RMB37.8 million, engaged in the design and development of mobile communication terminal solutions, complete machine design and manufacturing services, established in 2009.

(2) A Shenzhen-based global leading mobile terminal ODM (independent design and manufacturing) enterprise with the registered capital of RMB2.0 billion, specializing in the design, development and manufacturing of intelligent terminals, providing one-stop services in product design, marketing, material procurement and manufacturing delivery, established in 2005.

(3) A Guangzhou-based professional solution design company with the registered capital of RMB14.5 million, focusing on wireless communication modules for the IoT and mobile Internet, established in 2007.

(4) A Shenzhen-based high-tech company with the registered capital of RMB30.0 million, specializing in consumer electronics, automotive electronics, new energy and electronics manufacturing and other industries motherboard and overall solution design and development, established in 2013.

(5) A Shenzhen-based leading global provider with the total assets of RMB7.5 billion as of December 31, 2024, offering wireless communication modules and solutions, established in 1999 and listed on the Shenzhen Stock Exchange.

(6) A Shanghai-headquartered manufacturer of mobile communications equipment with the registered capital of RMB5.0 million, dedicated to the development and manufacture of various digital mobile devices, established in 2016.

(7) A Shanghai-based company with the registered capital of RMB5.0 million, focusing on AI and IoT and providing software, hardware, services and complete solutions, established in 2021.

(8) A Hong Kong-based private company limited by shares, established in 2018.

(9) A Shenzhen-based company with the total assets of RMB26.5 billion as of December 31, 2024, principally engaged in the electronic component distribution, design chain services, supply chain collaboration and industrial data services, established in 2014 and listed on the Shenzhen Stock Exchange.

We acquainted our five largest customers in each year through direct marketing efforts or referrals, which mainly include referrals from our downstream customers, industry seminar participants and business partners. We plan to broaden our customer base and strengthen our relationship with customers.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year were Independent Third Parties. Save for (i) each of our Customer D and Customer G hold less than 1% of shareholding of our Company, respectively, and (ii) Mr. Lu Wei (our executive Director) indirectly holds less than 0.1% of equity interest in Customer G, there was no past or present relationship (including business, employment, financing, family, trust or otherwise) between the five largest customers during the Track Record Period and us, our Directors, shareholders or senior management, or any of their respective associates and none of our Directors and their respective close associates or any shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital or has any interest in our five largest customers during the Track Record Period and up to the Latest Practicable Date that required to be disclosed under the Listing Rules.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with the aforementioned customers, nor did we receive any material complaints from such customers. We did not receive any material product returns from our major customers during the Track Record Period and up to the Latest Practicable Date, and to the best knowledge of our Directors and senior management, there were no potential material product returns from major customers as of the Latest Practicable Date.

Overlapping of Customers and Suppliers

According to CIC, the overlapping of our customers and suppliers is common in the semiconductor industry, where companies often operate multiple business lines with different business models. For example, some chip and module manufacturers may act as our suppliers by providing certain chips or components for our comprehensive chips and modules business, while also serving as customers by purchasing our self-developed GNSS chips for use in their own products. This dual role reflects the interconnected nature of the semiconductor supply chain, where it is typical for companies to collaborate across different parts of the value chain.

During the Track Record Period, we had 54 overlapping customers and suppliers, which were typically engaged in manufacturing and sales of GNSS products and solutions, and sales of comprehensive chips and modules. In 2022, 2023 and 2024, the total revenue we generated from these overlapping customers and suppliers amounted to RMB176.8 million, RMB179.9 million and RMB236.0 million, respectively, and the purchases from these overlapping customers and suppliers amounted to RMB280.0 million, RMB286.5 million and RMB328.7 million in the same year, respectively. The overlap between our customers and suppliers arises from the different business functions performed by separate entities within our Group. Our Company operates the GNSS chips, modules, and related solutions business, where we design and sell self-developed GNSS chips manufactured by third-party foundries to downstream customers, including chip and module manufacturers. Separately, our Hong Kong subsidiary, Allystar Information Co. Limited ("**Allystar Information**"), runs the comprehensive chips and modules business, sourcing chips and modules from third-party manufacturers for resale. In some cases, these third-party manufacturers may also be customers who purchase our GNSS chips and modules for use or resale within their own supply chains. These transactions are conducted independently and reflect standard commercial practices in the semiconductor industry, where companies frequently serve as both suppliers and customers across different business lines. Our Directors have confirmed that none of our sales to and purchases from our overlapping customers and suppliers during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction.

During the Track Record Period, Customer G, Guangzhou Simware Telecom Co., Ltd. (廣州信位通訊科技有限公司) ("**Simware**") and Customer D were our major customers, which were also our suppliers, and Supplier H and Supplier A were our major suppliers, which were also our customers.

Our Hong Kong subsidiary, Allystar Information, procured the RF chips manufactured by Qorvo, Inc. ("**Qorvo**") from Customer G, an authorized distributor of Qorvo, to its downstream customers to operate the comprehensive GNSS chips and modules business. Meanwhile, Customer G also acts as an authorized distributor of our self-developed GNSS chips and modules, procuring and reselling our self-developed GNSS chips and modules to its downstream customers., Additionally, Customer G also procured storage chips manufactured by Supplier B, a branded semiconductor memory enterprise listed on Shenzhen Stock Exchange, from Allystar Information, which is an authorized distributor of Supplier B.

Simware procured the baseband chips manufactured by Supplier A from Allystar Information, an authorized distributor of Supplier A. Additionally, as Allystar Information entrusted Simware to a smart positioning student card for its business expansion purpose and thus made payments to Simware for the entrusted R&D services.

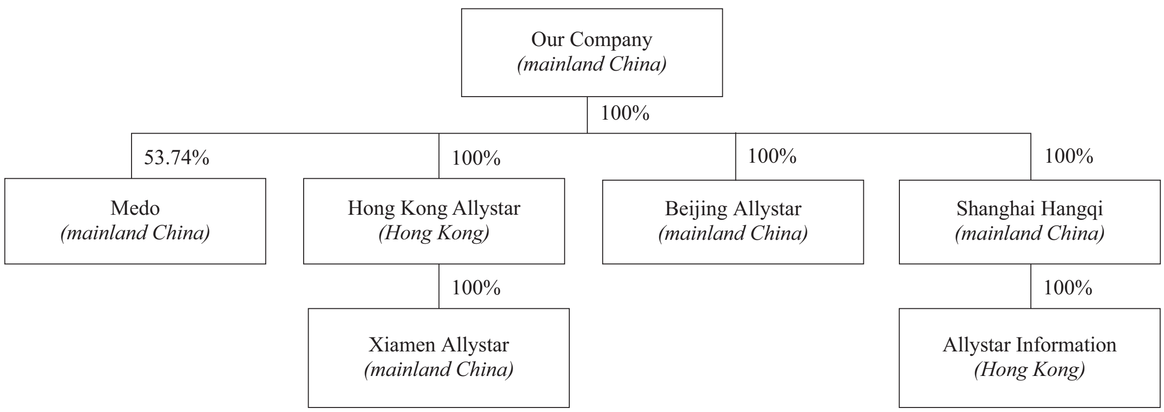
Customer D procured (i) our self-developed GNSS chips and modules and (ii) baseband chips manufactured by Supplier A and RF chips manufactured by Supplier F from Allystar Information, which is an authorized distributor of both Supplier A and Supplier F. In addition, we procured a small quantity of materials from Customer D for our R&D purpose in 2022.

Supplier H procured our self-developed GNSS chips and modules from us. Meanwhile, Shanghai Hangqi has obtained the distributor authorization from Supplier H, whose diverse range of module products meet the needs of downstream customers of Shanghai Hangqi.

Supplier A authorized Allystar Information to purchase baseband chips from them for resale to our downstream customers. Meanwhile, Supplier A procured a small order of RF chips manufactured by Supplier F from Allystar Information, an authorized distributor of Supplier F, to meet its own needs.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, our Group operates through subsidiaries in the mainland China and Hong Kong, which perform various functions, including but not limited to GNSS chip design, sales and marketing, R&D services, business support services including procurement support and sales support, and procurement of finished products. The below chart illustrates the shareholding relationships of these subsidiaries involving intra-group transactions (the "**Covered Transactions**") during the Track Record Period.



The aggregate sales and service income incurred by our Group's subsidiaries involved in the Covered Transactions amounted to approximately RMB87.8 million, RMB102.9 million and RMB91.3 million in 2022, 2023 and 2024, respectively.

Our Group engaged an independent transfer pricing tax consultant (the "**Transfer Pricing Tax Consultant**") which is a professional accounting firm, to assess whether our Covered Transactions were (i) in compliance with the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations promulgated by Organisation for Economic Co-operation and Development (OECD), and (ii) in compliance with the applicable laws, regulations, rules and normative documents of transfer pricing arrangement in mainland China and Hong Kong., as well as the current transfer pricing practices in mainland China and Hong Kong.

Beijing Allystar and Hong Kong Allystar, leveraging their advantages in R&D teams, professional technical personnel and equipment resources, provided navigation and positioning chip technology R&D services to our Company based on its contract R&D requirements, including chip technology development, utilization, upgrades and quality control support during the R&D process, with all patents and proprietary technologies resulting from the contract R&D being retained by our Company.

Beijing Allystar provided business support services including procurement support and sales support to our Company and Hong Kong Allystar.

Xiamen Allystar purchased raw materials from third parties and sold them to our Company, primarily undertaking procurement functions and partial sales functions in such transactions, while bearing product liability risks and general management risks.

Our Company conducts R&D and design of navigation and positioning chips, outsources production to third parties, and sells the manufactured chips and modules to its related party Hong Kong Allystar. In such related-party transactions, our Company primarily undertakes R&D functions, production functions, procurement functions, marketing and market development functions, warehousing functions, etc., while bearing R&D risks, production risks, marketing risks, and inventory risks. Hong Kong Allystar's outsourcing of chip production to third parties and subsequent sales to our Company also fall under this category.

Shanghai Hangqi, Allystar Information, and Shanghai Medo purchased finished products from our Company and sold them to third parties.

The Transfer Pricing Tax Consultant selected the transaction net margin method as the most appropriate transfer pricing method and performed certain working procedures, based on certain assumptions, to assess whether the transfer pricing of Covered Transactions are consistent with the arm's length principle. Having carried out the aforementioned works, the Transfer Pricing Tax Consultant is of the view that there are no significant indications noticed that the transaction prices for the Covered Transactions during the Track Record Period were unreasonable.

Our Directors, by reference to the Transfer Pricing Tax Consultant's review scope and conclusion, are of the view that the Covered Transactions were consistent with the arm's length principle during the Track Record Period. This conclusion is based on the determination that the profit levels achieved by these subsidiaries involving intra-group transactions were within the arm's length range, and any estimated tax exposures were not material at either the individual company level or from the Group's overall financial perspective.

Our management continuously monitors our Group's intra-group transactions to ensure compliance with applicable transfer pricing regulations. We will continue to review and, if necessary, adjust our transfer pricing policies to align with regulatory developments and market conditions.

Nevertheless, we cannot assure that our transfer pricing arrangements will not be subject to review or challenge by relevant tax authorities in the future. For further details, see "Risk Factors — Risks Relating to Our Business and Industry — Our operations may be subject to transfer pricing adjustments by relevant tax authorities."

SEASONALITY

The results of operations of our GNSS-related solutions business historically have been seasonal primarily because we typically provide GNSS-related solutions on a project-by-project basis, with delivery and acceptance of these projects typically occurring in the third and fourth quarters. Therefore, we typically generate a larger portion of revenue from GNSS-related solutions in the third and fourth quarter of a particular calendar year. The results of operations of our GNSS chips and modules business and comprehensive chips and modules business are subject to certain degree of seasonal fluctuations.

QUALITY MANAGEMENT

Quality control and assurance are crucial to us, and we endeavor to ensure the quality of our operations through a comprehensive quality management system, which was formulated in accordance with the ISO9001 standard, covering substantially every aspect of our operations including IC product design, procurement, among other things.

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with relevant regulatory requirements and our internal quality requirements. For example, we select our suppliers based on a strict set of criteria to make sure our requirements are being consistently met. In addition, we conduct inspection on delivered products in accordance with our quality management standards.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials, work in progress and finished goods. See "Financial Information — Discussion of Certain Items of Statements of Financial Position — Inventories and Contract Costs." In order to maintain our competitiveness, adapt our products to evolving demand trends and to avoid our inventories becoming obsolete, we have taken measures to optimize our inventory level, including minimizing inventory backlog in the process of inventory management. In addition, we have established internal submission and approval procedures to optimize the logistics of our inventory management and standard of purchase orders of our navigation and positioning chips and modules. We standardize our inventory management through our digital warehousing system. Each of the inventories is given a unique identification code at the time of storage. This way, we are able to keep track of all inventories at all stages. We maintain sufficient level of inventories as a result of our effective inventory management.

We conduct regular inventory check every six months, and conduct spot checks from time to time to ensure smooth operation within the warehouse. We perform on-site inventory audit and inspection annually, and prepare inventory inspection reports, according to which we deal with obsolete and slow-moving inventories in a timely manner. Led by a specially established working group, our finance team is responsible for inventory audit and inspection, and report to senior management the inspection results and shortfalls. For obsolete inventories, we assess whether there is any potential future business opportunity. If such inventories are determined to have no further commercial use, they are scrapped in accordance with our internal policies. As for defective inventories, they are treated as worthless, and we report their residual value following our financial policies. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

We may lose our competitive position if our products become obsolete. See "Risk Factors — Risks Relating to Our Business and Industry — We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales."

INTELLECTUAL PROPERTY

We regard our patents, trademarks, trade secrets and other intellectual property rights as critical to our business operations. As of Latest Practicable Date, we held 54 invention patents, 141 utility model patents, 11 design patents, 18 layout design of IC, 86 trademarks, 234 software copyrights and one work copyright in the PRC.

The following table sets out the information of our material patents filed and granted in China during the Track Record Period:

Title of Patent	Granted Date
Multi-task processing method, device, system, and storage medium for navigation chips (導航芯片的多任務處理方法、設備、系統以及存儲介質)	April 1, 2022
Receiver pulling method, apparatus, computer device, and storage medium (接收機牽引方法、裝置、計算機設備和存儲介質)	April 1, 2022
Signal demodulation method, apparatus, computer device, and storage medium (信號解調方法、裝置、計算機設備和存儲介質)	April 1, 2022
Signal acquisition method, apparatus, computer device, and storage medium (信號捕獲方法、裝置、計算機設備和存儲介質)	April 1, 2022
Adaptive measurement noise method for non-integrity constraints (非完整性約束自適應量測噪聲方法)	August 19, 2022
Automatic temperature compensation method for antenna inclinometer tilt (天線姿態儀傾角自動溫度補償方法)	October 25, 2022
Implementation method and system for SUPL service in Android GNSS drivers (安卓系統GNSS驅動的SUPL服務實現方法及系統)	February 28, 2023
BeiDou short-message communication method, device, and storage medium based on eSim (基於eSim的北斗短報文通信方法、裝置及存儲介質)	July 21, 2023
Automatic DC error cancellation device and method for transmitter systems (應用於發射機系統的直流誤差自動消除裝置及方法)	September 22, 2023
Gross error detection and elimination method for GNSS solution domain (面向GNSS解算域的粗差探測與剔除方法)	October 20, 2023
RC calibration circuit (一種RC校準電路)	November 12, 2024
Indoor-outdoor integrated positioning system (室內外組合定位系統)	September 8, 2020
Integrated communication-navigation module based on GNSS and mobile cellular networks (基於GNSS技術和移動蜂窩網絡的通導一體模組)	January 14, 2022
High-speed unidirectional signal level-shifting circuit (高速單向信號電平轉換電路)	September 13, 2022
Navigation module testing device and system (導航模組測試裝置及系統)	December 25, 2020

The following table sets out the information of our material software copyrights filed and granted in China during the Track Record Period:

Title of Software Copyright	Registration Date
Allystar navigation chip encryption software (華大北斗導航芯片加密軟件)	December 5, 2017
Allystar SDK software (HD8030-based) (華大北斗基於HD8030的SDK軟件)	December 5, 2017
Allystar SDK secondary development software (華大北斗SDK二次開發軟件)	December 13, 2017
Allystar single-carrier test software (華大北斗單載波測試軟件)	November 20, 2019
Allystar weather balloon analysis software (華大北斗探空氣球分析軟件)	November 20, 2020
Signal attenuation controller software (Allystar navigation chip-based) (基於華大北斗導航芯片開發的信號衰減控制器軟件)	November 20, 2020
Allystar GNSS evaluation Satrack software (華大北斗GNSS測評Satrack軟件)	November 23, 2020
Mass production test software (Allystar chip-based) (基於華大北斗芯片量產測試軟件)	November 23, 2020
Allystar A-GNSS local ephemeris test software (華大北斗A-GNSS本地星曆測試軟件)	November 23, 2020
Allystar A-GNSS statistical software (華大北斗A-GNSS統計軟件)	November 23, 2020
Allystar A-GNSS local ephemeris upload software (華大北斗A-GNSS本地星曆上傳軟件)	November 26, 2020
Embedded control software for dual-serial independent communication (Allystar navigation chip-based) (基於華大北斗導航芯片開發的雙串口獨立通訊的嵌入式控制軟件)	August 26, 2021
BeiDou-3 RDSS monitoring software (北斗三RDSS監控軟件)	May 30, 2023

For detailed information about our material intellectual property, see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights."

We rely primarily on a combination of patents, trademarks, trade secrets, and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual property rights. We generally state all rights and obligations regarding the ownership and protection of intellectual properties in employment confidentiality agreements and some commercial agreements we enter into. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive internal policies to establish robust management over our intellectual property rights, (ii) deploying a special team to guide, manage, supervise and monitor our daily work regarding intellectual properties, (iii) timely registration, filing and application for ownership of our intellectual properties, (iv) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, and (v) engaging professional intellectual property service providers.

We may rely, in some circumstances, on confidential information to protect our IPs and their implementation. We have entered into agreements with confidentiality clause and non-competition agreements with our employees. The confidentiality clause have an unlimited term and the non-competition clause shall be within twenty-four months from the date of termination of the labor relationship. We have entered into intellectual property ownership agreements with our employees, under which we own all the rights to all inventions, utility models, technology, know-how and trade secrets derived during the course of such employee's work. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC and, to the best knowledge of our Directors and senior management, they are not aware of any such disputes. However, these agreements or measures may not provide sufficient protection of our intellectual property rights. These agreements may be breached, resulting in the misappropriation of our intellectual properties, and we may not have an adequate remedy for any such breach. In addition, our intellectual properties may become known or be independently developed by third parties, or misused by any business partner to whom we disclose such information. Despite any measures taken to protect our intellectual properties, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to adequately protect our intellectual properties or proprietary rights.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

In the course of our business, we collect, store and process business data and transaction data, primarily the information related to the orders placed by our customers. As we only make transactions with enterprises, we do not collect or process a large amount of personal data. We maintain a financial system, a human resource management system and a business management system. See "Risk Factors — Risks Relating 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."

We pay close attention to risk management relating to our IT system, as storage and protection of corporate data and related information is critical to us. To ensure data security, we have adopted and strictly executed a data accessing and transmitting policy to ensure the confidentiality of our data. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing. We have established a set of internal documents on data security, which set forth detailed, strict requirements in relation to the use, disclosure and protection of confidential information. Among other things, such internal protocols provide limited authorization to our employees holding specific positions at specific levels to access and process corporate data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment.

Our employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information without our consent. We have a comprehensive data backup system and have established data backup protocols in order to minimize the risk of data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis. Even if the server is damaged due to the highest level of disasters such as earthquakes, mudslides and other irresistible natural disasters, we believe that it can safeguard and guarantee that the service and data can be completely restored within 24 hours.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss. As advised by our PRC Legal Advisors, we had complied with the applicable laws and regulations with respect to data privacy and personal data protection during the Track Record Period and up to the Latest Practicable Date in all material aspects. Given that legislation and law enforcement in the PRC on data privacy and security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

COMPETITION

We face competition in respect of the quality of our products and solutions, our ability to meet downstream customers' expectations, and our experience and reputation. The principal competitive factors in our industry generally include product stability and reliability, price competitiveness, marketing and sales capabilities, and brand influence.

We believe that there are high barriers for our competitors to enter into the GNSS chips, modules and related solutions market, which include, among other things, design efficiency, first-mover advantages, extensive product lineup, downstream customers' recognition and collaboration with foundries, packaging and testing factories, and suppliers of products and raw materials. For more information on the competitive landscape of our industry, see "Industry Overview." Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths.

Our competitive strengths are highlighted in the paragraph headed "— Competitive Strengths" in this section.

EMPLOYEES

As of December 31, 2024, we had 275 full-time employees, 255 of whom were based in mainland China and 20 were based in Hong Kong. The following table sets forth the number of our employees by function as of December 31, 2024:

Function	Number of employees
Senior management	8
Administration	52
Supply chain	17
R&D	117
Sales and marketing	57
Products and production	24
Total	**275**

We recognize the importance of talents for sustainable business growth and competitive advantages. We believe that our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees relatively competitive salaries, performance-based bonuses, and other incentives. We typically sign non-competition agreement with our senior management or other key employees. We regularly review the performance of our employees on the basis of, among other criteria, their abilities to achieve stipulated performance targets, and provide incentives for their contributions to our growth and development. As a result, we have generally been able to attract and retain our employees and maintain a stable core management team.

We plan to adopt a diversified recruitment approach to ensure a sufficient talent pool for key positions. We recruit our employees through various methods, such as on-campus recruitment, headhunters and third-party employment websites, among others. We provide on-board training for our employees as well as periodic training or seminars to ensure their self-development.

Furthermore, we hold lectures and exchange ideas through seminars with external professionals. We also provide courses for our employees as an important part of their continuous self-learning. We strive to create a multiple-incentive mechanism and a friendly working environment to fulfil our employees' full potential. Due to our efforts, we generally maintain a stable team of employees that make continuous contributions.

Our employees are currently represented by our internal labor union. We believe that we generally maintain good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes or strikes in the PRC.

Social Insurance and Housing Provident Fund Contributions

As required by PRC laws and regulations, we participate in mandatory social security schemes, including pension, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the employee's wage income such as salaries, bonuses and certain allowances, up to a maximum amount specified by the local government from time to time. Due to historical reasons, differences in local practices and administrative complexities, we did not make full social insurance and housing provident fund contribution for our employees in accordance with relevant laws and regulations during the Track Record Period. As of the Latest Practicable Date, we had not received any administrative penalty or rectification notice from PRC authorities in connection with social insurance or housing provident fund contribution. Our PRC Legal Advisors are of the view that our potential exposure to penalties from the competent authorities for failing to fully pay social insurance and housing provident fund contributions for certain of our employees during the Track Record Period is remote.

LAND AND PROPERTIES

We are headquartered in Shenzhen, and maintain certain operation functions in Beijing, Shanghai and Hong Kong. As of the Latest Practicable Date, we own one property in Beijing, PRC with an aggregate GFA of approximately 1,365 sq.m., and leased 16 properties in the mainland China with an aggregate GFA of approximately 4,241 sq.m. from third parties, and one property in Hong Kong with an aggregate GFA of approximately 382 sq.m. These properties were used primarily as premises of office spaces, R&D activities, warehouses and daily operations. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to three years.

We believe that our leased properties meet our present needs, and we regularly assess our space requirements. As of the Latest Practicable Date, we were not aware of any environmental issues or other constraints that would materially impact the intended use of our properties.

Among the 16 leased properties in the mainland China leased by us, lessors of five leased properties did not provide sufficient or valid title certificates. As advised by our PRC Legal Advisors, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, but our leases may be affected.

Since there are sufficient alternative leased properties available in the applicable regions, we believe we can relocate to alternative properties within a reasonable period of time and at reasonable costs. Having considered the foregoing, our Directors believe that these title defects described above will not materially affect our business and results of operation.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local property administration authority. As of the Latest Practicable Date, we had not obtained the registration of lease agreements for 12 of our leased properties in China. See "Risk Factors — Risks Relating to Our Business and Industry — Our rights to use some of our leased properties could be challenged by property owners, and we may be liable for failure to register and file our lease agreements." As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities.

As advised by our PRC Legal Advisors, the lack of registration of the lease agreements does not affect the validity of such lease agreements, but we may be subject to a maximum penalty of RMB10,000 for each non-registered lease if we fail to register such lease agreements within the time frame prescribed by the relevant PRC government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. To minimize the potential negative impact of the non-registered leases on our operations, we have taken all practicable and reasonable steps to ensure that these lease agreements can be properly and duly registered with competent authorities, including making continuous communication with the lessors to seek their cooperation to complete the registration process.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. In addition, we have maintained comprehensive property insurance, trade credit insurance and cargo transportation insurance for the credit sales of integrated circuit products. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China. As of the Latest Practicable Date, we had not obtained any operating liability insurance or business interruption insurance covering our undertakings. See "Risk Factors — Risks Relating to Our Intellectual Property — 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." As of the Latest Practicable Date, we had not experienced any business interruptions that had a material adverse effect on our business.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our Group and our products and solutions, significant ones of which are set forth below:

Award year	Award/Recognition	Awarding Institution/Authority
2024	"China Chip" Outstanding Technological Innovation Product Award (「中國芯」優秀技術創新產品獎)	China Electronic Information Industry Development Research Institute (中國電子信息產業發展研究院)
2024	Guangdong Top Brands (廣東知名品牌)	Guangdong Enterprise Brand Building Promotion Association and Guangdong Top Brand Evaluation Professional Committee (廣東省企業品牌建設促進會、廣東知名品牌評價專業委員會)
2024	2023 Investment World Hard Tech VENTURE50 (2023投資界硬科技VENTURE50)	Zero2IPO Ventures and PEdaily.cn (清科創業、投資界)
2023	Guangdong Provincial Science and Technology Progress Award — Second Prize (廣東省科技進步獎二等獎)	The People's Government of Guangdong Province (廣東省人民政府)
2023	Shenzhen TOP Brand (深圳知名品牌)	Shenzhen TOP Brand Evaluation Committee (深圳知名品牌評價委員會)
2023	Guangdong Manufacturing Single Champion Demonstration Enterprises (廣東省製造業單項冠軍示範企業)	Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳)
2023	Satellite Navigation and Positioning Science and Technology Award — Grand Prize of Science and Technology Progress Award (衛星導航定位科技進步獎特等獎)	GNSS and LBS Association of China (中國衛星導航定位協會)

Award year	Award/Recognition	Awarding Institution/Authority
2023	HKMA/HKT Global Innovation Award (SMEs) (HKMA/HKT) 環球創新獎創新機構獎(中小企業))	The Hong Kong Management Association (香港管理專業協會)
2023	2022 Investment World Hard Tech VENTURE50 (2022投資界硬科技 VENTURE50)	Zero2IPO Ventures and PEdaily.cn (清科創業、投資界)
2022	China Patent Excellence Award (中國專利優秀獎)	China National Intellectual Property Administration (國家知識產權局)
2022	Specialized and Innovative Little Giant Enterprises (專精特新"小巨人"企業)	The Ministry of Industry and Information Technology (工業和信息化部)
2022	Satellite Navigation and Positioning Science and Technology Award — Gold Award of the Innovation and Application Award for Satellite Navigation and Positioning (衛星導航定位科學技術獎 — 衛星導航定位創新應用獎金獎)	GNSS and LBS Association of China (中國衛星導航定位協會)
2022	Hong Kong Awards for Industries: Technological Achievement Certificate of Merit (香港工商業獎: 科技成就優異證書)	Hong Kong Science & Technology Parks Corporation (香港科技園公司)
2022	The 11th China Technology Market Association Golden Bridge Award (第十一屆中國技術市場協會金橋獎)	Technology Market Association of China (中國技術市場協會)
2022	Shenzhen Scientific and Technological Progress — Second Prize (深圳市科技進步獎 — 二等獎)	Shenzhen Municipal People's Government (深圳市人民政府)

LICENSES, PERMITS AND APPROVALS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all material licenses and permits required for our business operations in the PRC, and such licenses and permits had remained in full effect.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe our continued growth rests on integrating social values into our business and are committed to being a responsible corporate citizen. We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. We are also committed to complying with PRC regulatory requirements, abiding by environmental protection laws and regulations, and ensuring the health and safety of our employees.

Governance regarding ESG Issues

Being environmentally friendly and having positive social impact are at the core of our business and corporate governance. We have implemented an ESG policy, which provides guidelines to the management of our ESG-related issues. We believe that it requires collective effort from our Directors to evaluate and manage material ESG issues, our Directors take up the responsibility of monitoring and managing material ESG issues, with the assistance from the management team. Our Directors are principally responsible for setting up our overall ESG vision, direction and strategy, monitoring and reviewing our ESG performances and fulfillment of our ESG vision. Our Directors have also assigned our president to oversee the coordination of different departments and teams to ensure that our operations and practices are in line with related ESG strategies.

We strive to continuously raise ESG awareness of all of our Directors, senior management and employees. For example, we plan to provide ESG-related training to our employees from time to time, including updating them with our latest ESG policy and current goals. Furthermore, our Directors closely follow and monitor the latest requirements regarding ESG disclosure and regulatory compliance. We place great emphasis on the Stock Exchange's ESG requirements, and in order to ensure compliance with the said requirements, our Directors and our president will oversee the compilation of our ESG report, and shall review the content and quality of the ESG report after the **[REDACTED]**.

With respect to the management of ESG issues, our Directors recognize the importance of shareholders' expectations and involvement, and therefore endeavor to maintain an effective communication channel between shareholders and us. Our Directors have assigned our ESG working group, led by our president, to identify, monitor and assess material ESG issues annually. Our ESG working group will review the results from the assessment and conclude on the issues that we shall focus on. Besides, our Directors will set ESG targets, organically integrating overall objective, management system, business strategies, key indicators and targets with our strategic objectives, to manage material ESG issues and to achieve sustainable development. The targets will be reviewed on an annual basis to ensure that they remain appropriate to our needs. We aim to achieve a 100% target completion rate at the time of the annual assessment and maintain a record of zero ESG issues in the major areas we have identified as potential ESG risks.

Identification, Assessment, Management and Mitigation of ESG Risks

Our Company conducts periodic enterprise risk assessment on current and potential risks faced by us in our business, including ESG risks. In order to manage such risks, our Directors compile ESG policy and measures to tackle the risks identified during the enterprise risk assessment and minimize any potential risks inherent in our business operations. We have set up an anti-bribery and anti-corruption management system. Under these management policies, we strictly prohibit any personnel from engaging in any bribery or corruption in daily operations, including but not limited to strictly prohibiting the acceptance of bribes and kickbacks in the procurement of raw materials and chip probing services from our suppliers along our entire supply chain, as well as sales and delivery of products and solutions to our customers.

We currently do not operate any manufacturing facilities and are not subject to significant environmental risks. We do not expect to incur any material liabilities or expenditures in these respects. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to ESG regulations, and have not had any accident or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

We have identified the following potential ESG risks that may have an impact on our business, strategy or financial performance, and have taken the following measures to mitigate such risks:

Supply Chain and Foundry Management

Responsible sourcing and sound supply chain management are essential for us to ensure reliable product quality and sustainability along our supply chain. If we are unable to select quality third-party suppliers, including patterned wafer channel partners who cooperate with reliable and capable manufacturing foundries and chip probing service providers, or monitor and manage these suppliers, we may be exposed to risks of suppliers' non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.

We have established a supply chain approval process, through which suppliers must provide relevant qualifications or certifications, such as their business licenses, among others, prior to approval. If the suppliers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them. We generally require our suppliers to comply with applicable industrial standards.

Although we currently do not operate any manufacturing facilities, we have a number of policies in place to select and continuously evaluate the foundries and ensure compliance with the relevant requirements.

The following sets out our selection criteria of new foundries and evaluation of selected foundries:

- *New foundries.* We select the foundries according to their processing technologies and compatibility to our products. We also take into consideration additional criteria, including among others, (i) relevant production qualifications of the foundries, (ii) product quality, and (iii) corporate reputation. Our personnel in charge of business operations will evaluate these key criteria and make the decision for approval of new foundries.

- *Selected foundries.* We evaluate the selected foundries periodically to ensure that they are in continuous compliance with our internal control requirements and provide qualified supplies in a timely manner. Our evaluation mainly covers (i) the overall product quality rate, (ii) the number of quality issues arising from foundries, and (iii) quality of services, including attitude in problem solving.

Environmental Protection

We take into account ESG-related risks that may impact on our business, strategy and financial performance when developing our business strategy and may adjust our strategy in response to changing ESG-related landscape. We consider coping with ESG issues our opportunities in creating a better community. We are committed to sustainability as part of our corporate strategy, and we strive to cultivate a sustainable mindset among our employees. We have conducted a series of campaigns that aim to reduce waste and carbon emissions of both our company and our employees, including waste recycling, reducing water use, and reducing energy consumption. We have also placed signs to remind our employees to reduce their water usage.

Well-being and Development of Employees

We embrace diversity and adhere to local labor law requirements to prevent any form of discrimination based on gender, age, nationality, religious beliefs, or social status. Set below are our employees' data categories by gender and age group in each year comprising the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
		%		%		%
By gender						
Male	263	72.1	278	70.4	189	68.7
Female	102	27.9	117	29.6	86	31.3
By age group						
At or below 30	147	40.3	169	42.8	71	25.8
31–40	149	40.8	170	43.0	144	52.4
At or above 41	69	18.9	56	14.2	60	21.8

We recognize the importance of talents for sustainable business growth and competitive advantages. As part of our human resources strategy, we offer employees relatively competitive salaries, performance-based bonuses, and other incentives. We also attach great importance on staff training, and strive to create a multiple-incentive mechanism and a friendly working environment to fulfil our employees' full potential. For more details, see "— Employees."

Social Responsibility

We place great importance on our social responsibility and take active role in engaging with public welfare initiatives. We believe that corporate social responsibility is part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our Shareholders by embracing public interests.

Metrics and Targets on ESG Risks

Major parameters and measurable metrics we use to assess and manage our ESG risks include electricity consumption. We typically do not generate electronic waste by ourselves. As a result, we did not generate any significant environmental compliance cost during the Track Record Period.

For the years ended December 31, 2022 and 2023, our electricity consumption expenses amounted to RMB647 thousand and RMB748 thousand, respectively, representing a CAGR of 15.6%. Furthermore, our electricity consumption expenses increased by 1.2% from RMB748 thousand for the year ended December 31, 2023 to RMB757 thousand for the year ended December 31, 2024, at a pace much slower than 30.2%, the growth rate of our revenue, for the same period. This reflects our efforts made in environmental protection and lays a solid foundation to accomplish our goal to establish an environmentally friendly enterprise in the long run. We aim to gradually adopt more environmentally friendly and energy efficient measures in our daily operations. We have implemented a series of measures to reduce the electricity consumption, including daily inspection to turn off electronic devices when not in use, and limiting office temperature setting range when using the air conditioning system. We intend to lower our office electricity consumption through such measures, target to maintain a 100% compliance rate concerning power usage going forward, and will make continuous efforts in accomplishing the target of reducing our electricity consumption per RMB1,000 of operating expenses by 2% in 2025, taking into account our overall goal to reduce our carbon footprint. We aim to continuously develop overall environmental protection measures based on the characteristics of our business model, strategy and financial planning as well as the potential impact on the environment.

Impact of ESG Changes in Future Trends and Policies

We acknowledge that ESG issues pose a certain level of threat to us. We believe that ESG issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms, flooding and typhoons. We may potentially be impacted by higher operation and maintenance cost, as well as more insurance premium payable for protection. The health and safety of employees may also be endangered. Due to climate change and work safety and climate-related issues, regulators may require more extensive ESG-related disclosures. We may be impacted by increased cost to execute more stringent monitoring measures on resource consumption and employee protection. See "Risk Factors — Risks Relating to Our Business and Industry — We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, increasing both our costs and the risk of non-compliance."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

See "— Employees — Social Insurance and Housing Provident Fund Contributions" and "— Land and Properties" in this section for a description of certain legal matters relating to our compliance with PRC employment and real property related laws and regulations which we consider would not have a material adverse effect on our business, financial condition, or results of operations. We are of the view that we have in place adequate internal control measures to ensure ongoing compliance with applicable laws and regulations.

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our Shareholders' investment and our assets at all times. We maintain internal manuals setting out operating procedures, internal control procedures and other policies and guidelines. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, compliance, OFAC and anti-bribery and anti-corruption.

Our Board of Directors and our general manager are responsible for the establishment, updating and implementation of our internal control policies and systems, while our management team monitors the daily implementation of the internal control procedures and measures with respect to our functional teams.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial team reviews our management accounts based on such procedures.

Compliance Risk Management

In order to effectively manage our compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, we intend to review and update the form of contracts we enter into with our customers, partners, and suppliers, and examine the contract terms and underlying due diligence materials, before we enter into any contract or business arrangements.

We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we aim to continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

OFAC, ANTI-BRIBERY AND ANTI-CORRUPTION RISK MANAGEMENT

In terms of OFAC, anti-bribery and anti-corruption, we have implemented a series of policies and internal control measures in connection with OFAC, anti-bribery and anti-corruption, which set forth procedures for implementing relevant OFAC internal control procedures, anti-bribery procedures and setting out anti-bribery responsibilities for relevant personnel. In order to ensure ongoing compliance with OFAC regulations and avoid conducting business with sanctioned customers and sanctioned countries, we have been implementing and updating internal control measures, including the following: revising and enhancing a code of conduct to establish a compliance review mechanism that prohibits transactions or facilitation of transactions with sanctioned countries and denied or sanctioned entities and individuals and providing compliance training to employees from time to time, as well as regularly screening of customers and suppliers with whom our Group deals with to determine whether they are restricted/sanctioned subjects. This screening is conducted through an independent third party. In the event we identify a potential sanction risk, for example, if we suspect, that a customer is using our GNSS chips, modules or solutions in any sanctioned country, we will immediately activate the emergency response mechanism, including but not limited to demanding the customer stop this practice immediately and requesting written confirmation from such customer that it will not use any of our GNSS chips, modules or solutions in a sanctioned country. We will also suspend the relevant business with such customer, including ceasing supply of products to such customer. We strictly prohibit bribery or other improper payments, including but not limited to directly or indirectly providing valuable gifts to business contacts, and providing or accepting entertainment, expenses and gifts, in any of our business operations according to our anti-bribery and anti-corruption policies. Moreover, we investigate into incidents and take appropriate measures as necessary, to promptly address any problems and ensure effective implementation of appropriate rectification. We provide employees with adequate communication channels, establish whistle- blower policy and encourage employees to take the initiative to seek guidance from us regarding the implementation of anti-bribery policies. We will report to relevant authorities in accordance to relevant rules and regulations if we detect any suspicious transactions.

DIRECTORS

Our Board currently consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as our Director	Roles and responsibilities	Relationship with other Directors or Senior Management
Mr. Sun Zhongliang (孫中亮)	62	Chairman of our Board, executive Director and president	December 6, 2016	December 6, 2016	Formulating the overall development strategy of our Group and making major financial planning and human resources planning decisions of our Group	None
Mr. Lu Wei (鹿偉) . .	50	Executive Director and chief executive officer	December 1, 2023	December 1, 2023	Our Group's business operations and management	None
Mr. Li Qian (李黔) . .	51	Non-executive Director and the deputy chairman of our Board	September 23, 2020	September 23, 2020	Providing advice and making recommendations to our Board	None
Mr. Duan Xiaojian (段小檢)	42	Non-executive Director	May 6, 2021	May 6, 2021	Providing advice and making recommendations to our Board	None
Ms. Lin Ying (林穎) .	43	Non-executive Director	September 30, 2021	September 30, 2021	Providing advice and making recommendations to our Board	None

Name	Age	Position(s)	Date of joining our Group	Date of appointment as our Director	Roles and responsibilities	Relationship with other Directors or Senior Management
Ms. Guo Jinxiang (郭金香)	45	Non-executive Director	January 24, 2022	January 24, 2022	Providing advice and making recommendations to our Board	None
Ms. Wang Changying (王長英)	60	Independent non-executive Director	November 8, 2021	November 8, 2021	Providing independent advice and judgment to our Board	None
Mr. Ho Hung Tim Chester (何鴻添) . .	58	Independent non-executive Director	May 28, 2025	May 28, 2025	Providing independent advice and judgment to our Board	None
Ms. Shen Chen (沈塵).	61	Independent non-executive Director	May 28, 2025	May 28, 2025	Providing independent advice and judgment to our Board	None

Executive Directors

Mr. Sun Zhongliang (孫中亮), aged 62, is the chairman of our Board, our executive Director and the president of our Company. Mr. Sun has served as a Director of our Company since December 2016 and was re-designated as our executive Director in May 2025. Mr. Sun is primarily responsible for formulating the overall development strategy of our Group and making major financial planning and human resources planning decisions of our Group. Mr. Sun also serves as the director and/or manager of several subsidiaries in our Group.

Since November 2019, Mr. Sun has served as an independent director of Shenzhen H&T Intelligent Control Co., Ltd. (深圳和而泰智能控制股份有限公司), a company primarily engaged in the provision of intelligent controller solutions, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002402). From December 2017 to July 2023, he served as an independent director of Foxconn Industrial Internet Co., Ltd. (富士康工業互聯網股份有限公司), a company primarily engaged in the provision of cloud computing, communication networks and mobile network equipment and industrial internet, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601138). From August 2013 to August 2016, he served in various positions, including the deputy general manager and general manager of navigation business of CEC Huada Electronic Design Co., Ltd. (北京中電華大電子設計有限責任公司) ("**HED**"), a company primarily engaged in the design and sale of integrated circuit chips and a subsidiary of

China Electronics Huada Technology Company Limited (中國電子華大科技有限公司), the shares of which are listed on the Stock Exchange (stock code: 0085). From March 2000 to March 2005, Mr. Sun worked at Tsinghua Tongfang Co., Ltd. (同方股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600100).

Mr. Sun currently serves as the vice president of the China Satellite Navigation and Positioning Association and the vice chairman of the Central Enterprise BeiDou Industry Collaborative Development Platform.

Mr. Sun obtained his executive master's degree in business administration from Peking University in the PRC in January 2010. Mr. Sun obtained his bachelor's degree majoring in engineering surveying from the Beijing University of Civil Engineering and Architecture (北京建築大學) (formerly known as Beijing Civil Engineering and Architecture College (北京建築工程學院)) in the PRC in July 1987.

Mr. Lu Wei (鹿偉), aged 50, is our executive Director and chief executive officer. He has served as a Director of our Company since December 2023 and was re-designated as our executive Director in May 2025. He is primarily responsible for our Group's business operations and management. Mr. Lu currently serves as an executive director and the general manager of Xiamen Elistar Technology Co., Ltd. (廈門埃立司達科技有限公司).

Prior to joining our Group, from March 2013 to November 2023, he worked at Shenzhen CECport Technologies Co., Ltd. (深圳中電港技術股份有限公司), a company primarily engaged in the distribution of electronic components, the provision of supply chain design services and ancillary services and the provision of industrial data services, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 001287), with his last position being the general manager of the firefly factory (螢火工場).

Mr. Lu obtained his bachelor's degree in engineering from the University of Electronic Science and Technology of China in the PRC in July 1996.

Non-executive Directors

Mr. Li Qian (李黔), aged 51, is the deputy chairman of our Board and our non-executive Director. He is primarily responsible for providing advice and making recommendations to our Board. Mr. Li has served as a Director of our Company since September 2020 and was re-designated as our non-executive Director in May 2025.

Mr. Li has close to 20 years of experience in corporate management and governance. Since August 2005, Mr. Li has served in various positions at BYD Company Limited, a company principally engaged in the automobile business which mainly includes new energy vehicles, handset components and assembly services, rechargeable batteries and photovoltaics business, the shares of which are listed on the Stock Exchange (stock code: 1211 (HKD counter) and 81211 (RMB counter)) and the Shenzhen Stock Exchange (stock code: 002594), and is the secretary to the board of directors, the company secretary and the general manager of the investment department. He also serves as the joint company secretary of BYD Electronic (International) Company Limited (比亞迪電子(國際)有限公司), a director of BYD Semiconductor Company Limited (比亞迪半導體股份有限公司), the chairman of Shenzhen BYD Investment Management Co., Ltd. (深圳市比亞迪投資管理有限公司), the chairman of Shenzhen Fudi Venture Capital Co., Ltd. (深圳市弗迪創業投資有限公司), the chairman of Energy Storage Power Station (Hubei) Co., Ltd. (儲能電站(湖北)有限公司), a director of Qinghai Salt Lake BYD Resources Development Co., Ltd. (青海鹽湖比亞迪資源開發有限公司), a director of Chengxin Lithium Group Co., Ltd. (盛新鋰能集團股份有限公司), a director of Sichuan Road & Bridge Group Co., Ltd. (四川路橋建 設集團股份有限公司) and a director of Advanced Materials Technology & Engineering, Inc. (無錫邑文微電子科技股份有限公司). Mr. Li's earlier experiences include working at PricewaterhouseCoopers (普華永道會計師事務所), Arthur Andersen (安達信會計師事務所) and ZTE Corporation (中興通訊股份有限公司).

Mr. Li is a fellow of The Hong Kong Chartered Governance Institute, was a member of the tenth listing committee of the Shenzhen Stock Exchange and was a member of the first ChiNext Listing Committee of the Shenzhen Stock Exchange.

Mr. Li obtained his executive master of business administration degree from Guanghua School of Management of Peking University in the PRC in July 2016. Mr. Li obtained his bachelor's degree in economics from Jiangxi University of Finance and Economics in 1997.

Mr. Duan Xiaojian (段小檢), aged 42, is our non-executive Director. He is primarily responsible for providing advice and making recommendations to our Board. Mr. Duan has served as a Director of our Company since May 2021 and was re-designated as our non-executive Director in May 2025.

Mr. Duan has extensive experience in investment and finance. Since January 2018, Mr. Duan has served as an executive director of CMB International Capital Corporation Limited, an integrated financial institution providing comprehensive and professional services.

Mr. Duan obtained his China Securities Investment Fund Practice Certificate (中國證券投資基金業從業證書) from the Asset Management Association of China in May 2023.

Mr. Duan obtained his master's degree in economics from the Huazhong University of Science and Technology in the PRC in June 2006. Mr. Duan obtained his bachelor's degree in economics from Central South University in the PRC in June 2004.

Ms. Lin Ying (林穎), aged 43, is our non-executive Director. She is primarily responsible for providing advice and making recommendations to our Board. Ms. Lin has served as a Director of our Company since September 2021 and was re-designated as our non-executive Director in May 2025.

Since February 2024, Ms. Lin has served as a director of Shandong Jingzhi Liquor Co., Ltd. (山東景芝白酒有限公司), a company primarily engaged in the production of alcoholic beverages. Since July 2023, she has served as a director of B&K Corporation Limited (華芢生物科技(青島)股份有限公司), a China-based biopharmaceutical company primarily focused on the discovery, development and commercialization of therapies for wound healing, currently platelet-derived growth factor drugs. Since July 2023, she has served as the director, executive deputy general manager and the finance director of JonjeE Hi-Tech Industrial and Commercial Holding Co., Ltd (中炬高新技術實業(集團)股份有限公司), a company primarily engaged in the sale of food seasoning, park operations and urban development, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600872).

From April 2019 to July 2024, Ms. Lin served as a director of Gohill Pharmaceutical Investment (Shenzhen) Co., Ltd. (高和藥業投資(深圳)有限公司), a company primarily engaged in investment. From December 2019 to July 2023, she served as an executive director of Qingdao CDH Runzhong Investment Management Co., Ltd. (青島鼎暉潤中投資管理有限公司), a company primarily engaged in private equity fund management and investment consulting. From October 2016 to September 2018, she served as the finance director of China Energy Storage Technology Development Limited (中國儲能科技發展有限公司), a company primarily engaged the distribution of communication and non-communications products, the shares of which are listed on the Stock Exchange (stock code: 1143). From April 2011 to September 2016, she served in the finance department of China Resources (Holdings) Co., Ltd. (華潤(集團)有限公司), a Fortune 500 Chinese state-owned enterprise that owns a variety of businesses in Hong Kong and mainland China. From August 2006 to March 2011, she served as a senior auditor of PricewaterhouseCoopers Zhongtian Certified Public Accountants LLP Shenzhen Branch (普華永道中天會計師事務所(特殊普通合夥)深圳分所).

Ms. Lin has been a certified public accountant in China accredited by the Shenzhen Institute of Certified Public Accountants since December 2011 and was recognized as a Chartered Financial Analyst by the CFA Institute in September 2017.

Ms. Lin obtained her master's degree in economics from Xiamen University in the PRC in June 2006.

Ms. Guo Jinxiang (郭金香), aged 45, is our non-executive Director. She is primarily responsible for providing advice and making recommendations to our Board. Ms. Guo has served as a Director of our Company since January 2022 and was re-designated as our non-executive Director in May 2025.

Ms. Guo has extensive experience with corporate and business management. Since April 2025, Ms. Guo has served as a non-executive director of CITIC Outsourcing Services Group Co., Ltd. (中信外包服務集團有限公司), a company primarily engaged in providing technology and labor outsourcing services to financial institutions. Since May 2020, she has served as a director of Dalian Dalicap Technology Co., Ltd. (大連達利凱普科技股份公司), a company primarily engaged in the research and development, manufacturing and sales of high-end electronic components, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 301566). Since October 2020, she has served as the executive general manager of the technology and industrial research investment department of Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司), a company primarily engaged in investment management. She currently serves as a director of Clean Pro Group Co., Ltd. (中環潔集團股份有限公司), a company primarily engaged in urban and rural sanitation services and waste management, the shares of which are listed on the National Equities Exchange and Quotations (stock code: 874175).

From January 2019 to September 2020, she served as the director of the technology and industry investment department of Tianjin Panmao Enterprise Management Partnership (Limited Partnership) (天津磐茂企業管理合夥企業(有限合夥)), a partnership primarily engaged in enterprise management consulting. From May 2012 to December 2018, she served as the vice president of the technology and industry investment department of CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司), a company primarily engaged in fund management. Her earlier experiences include working at Lexington Park Group, a financial services and real estate focused private equity investment firm.

Ms. Guo obtained her master's degree in business administration from Boston University in the U.S. in May 2010. Ms. Guo obtained her bachelor's degree in law from Fudan University in the PRC in July 2002.

Independent non-executive Directors

Ms. Wang Changying (王長英), aged 60, was appointed as our independent non-executive Director in November 2021. She is primarily responsible for providing independent advice and judgment to our Board.

Ms. Wang has extensive experience in accounting and finance. In the past, Ms. Wang served as the chief accountant of Beijing Urban Construction No.1 Construction Development Co., Ltd. (北京城建一建設發展有限公司), a company primarily engaged in building construction, and in various positions at Beijing Urban Construction Fifth Construction Engineering Co., Ltd. (北京城建五建設工程有限公司), a company primarily engaged in engineering construction and electromechanical installation, with her last positions being the deputy chief accountant and the head of the company's internal bank.

Ms. Wang obtained her accountant's qualification (會計師) from the Ministry of Finance of the People's Republic of China in the PRC in May 1997, her senior accountant's qualification (高級會計師) from the Beijing Senior Specialized Technique Position Evaluation Committee (北京市高級專業技術職務評審委員會) in the PRC in October 2002 and her advanced senior accountant's qualification (正高級會計師) from the Beijing Senior Specialized Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in the PRC in June 2019.

Ms. Wang obtained her bachelor's degree in engineering from the University of Electronic Science and Technology of China (電子科技大學) (formerly known as the Chengdu Institute of Radio Engineering (成都電訊工程學院)) in the PRC in July 1985.

Mr. Ho Hung Tim Chester (何鴻添), aged 58, was appointed as our independent non-executive Director in May 2025. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Ho has over 20 years of professional accounting and financial services experience. Since May 2023, he has served as the chief financial officer, vice president and secretary to the board of directors of B&K Corporation Limited, a company primarily engaged in developing breakthrough therapies with an emphasis on protein drugs. Since April 2020, he has served as the external independent member of the Investment Committee of the Canadian Race Relations Foundation, a Canadian federal crown corporation dedicated to the elimination of racism and all forms of racial discrimination in Canadian society. From June 2021 to December 2024, he served as an independent non-executive director and a member of the audit committee of Grand Baoxin Auto Group Limited (廣匯寶信汽車集團有限公司), a company primarily engaged in automobile sales and service, the shares of which are listed on the Stock Exchange (stock code: 1293). From April 2008 to December 2014, he worked at China Resources (Holdings) Co., Ltd. (華潤(集團)有限公司), with his last position being the senior deputy chief financial officer of the finance department. From June 2002 to April 2008, he worked at China Resources Beer (Holdings) Company Limited (華潤啤酒(控股)有限公司) (previously known as China Resources Enterprise, Limited (華潤創業有限公司)), a company primarily engaged in the manufacturing, sales and distribution of alcoholic beverages, the shares of which are listed on the Stock Exchange (stock code: 0291), with his last position as the assistant general manager of the corporate planning and development department. From August 2000 to June 2002, he served as the senior investment manager of the investment division of Hang Lung Properties Limited (恒隆地產有限公司), a company primarily engaged in property development, the shares of which are listed on the Stock Exchange (stock code: 0101). From May 1995 to July 2000, he worked at Anglo Chinese Corporate Finance, Limited, a corporate finance advisory firm, with his last position being a director. From December 1992 to September 1994, he served as a senior accountant of Ernst & Young. From 1989 to 1992, he worked at Arthur Andersen & Co in Canada.

Mr. Ho has been a member of the Institute of Chartered Financial Analysts in the U.S. since September 1998, a Fellow of the Canadian Securities Institute since 1997, a Certified Investment Manager of The Canadian Securities Institute since June 1994, a member of the Hong Kong Institute of Certified Public Accountants since April 1993, a member of the Institute of Chartered Professional Accountants of Ontario (Canada) since October 1992 and a member of the American Institute of Certified Public Accountants since May 1992.

Mr. Ho obtained his master's degree in business administration from the University of Toronto in Canada in November 1990. Mr. Ho obtained his bachelor of arts in economic and social studies degree (with first class honors) from the University of Manchester in the United Kingdom in July 1988.

Ms. Shen Chen (沈塵), aged 61, was appointed as our independent non-executive Director in May 2025. She is primarily responsible for providing independent advice and judgment to our Board.

Since November 2024, Ms. Shen has served as the head of administration of Intco Medical International (Hong Kong) Co., Limited, a company primarily engaged in the sales of medical protection products, rehabilitation nursing products and health therapy products, and a wholly owned subsidiary of Intco Medical Technology Co., Ltd. (英科醫療科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300677). Since June 2023, she has served as an independent non-executive director of Qilu Expressway Company Limited, a company primarily engaged in the construction, maintenance operation and management of expressways, highway engineering construction, municipal greening and other construction engineering, the shares of which are listed on the Stock Exchange (stock code: 1576).

From November 2022 to November 2024, Ms. Shen served as the president of the Asia Pacific region of China New Economy Fund Limited, a closed-ended investment company, the shares of which are listed on the Stock Exchange (stock code: 0080). From January 2015 to February 2020, she served in various positions, including a researcher in the general manager's office and a director, at China Travel Service (Holdings) Hong Kong Limited (香港中旅(集團)有限公司), a company primarily engaged in the provision of travel services. From March 2013 to January 2015, she served as an assistant general manager of China Travel Service (Hong Kong) Limited (香港中國旅行社有限公司), a company primarily engaged in the provision of travel services.

Ms. Shen completed a post-graduate course at Qingdao University in the PRC in October 2007. Ms. Shen obtained her bachelor's degree in economics from the Zhongnan University of Economics and Law in the PRC in July 1986.

SENIOR MANAGEMENT

Our executive Directors and senior management are responsible for the day-to-day management and operation of our business. For information concerning our executive Directors see "— Directors — Executive Directors." The table below sets out certain information regarding our senior management:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management members
Mr. Sun Zhongliang (孫中亮)	62	Chairman of our Board, executive Director and president	December 6, 2016	December 6, 2016	Formulating the overall development strategy of our Group and making major financial planning and human resources planning decisions of our Group	None
Mr. Lu Wei (鹿偉) . .	50	Executive Director and chief executive officer	December 1, 2023	December 1, 2023	Our Group's business operations and management	None
Ms. Zheng Hanxiao (鄭寒瀟)	34	Chief financial officer	September 26, 2021	September 9, 2022	Financial affairs and capital management of our Group	None
Mr. Hau Ka Wai (侯嘉偉)	47	Chief technology officer	March 1, 2017	March 1, 2017	Operation and management of the research and development center of our Group	None
Mr. Wang Yong (王勇)	42	Chief operating officer	July 8, 2019	July 8, 2019	Management of the operations center of our Group	None
Mr. Ge Chen (葛晨) .	45	Secretary of the Board	March 14, 2017	March 14, 2017	Managing our Group's investor relations and governmental projects	None

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management members
Mr. Yu Hongtao (于洪濤)	35	Chief scientist	March 1, 2017	March 1, 2017	Development of our chip business and the expansion of the application of our chip products	None
Mr. Zhang Dinglin (張頂林)	37	Chief product director	June 1, 2017	June 1, 2017	Development of our module business and the expansion of the application of our module products	None

Mr. Sun Zhongliang (孫中亮), aged 62, is the chairman of our Board, our executive Director and the president of our Company. See "— Directors — Executive Directors" for his biographical details.

Mr. Lu Wei (鹿偉), aged 50, is our executive Director and chief executive officer. See "— Directors — Executive Directors" for his biographical details.

Ms. Zheng Hanxiao (鄭寒瀟), aged 34, joined our Group in September 2021 as our finance manager. She served as our chief accountant from September 2022 to June 2024 and was appointed as our chief financial officer in June 2024. She is primarily responsible for financial affairs and capital management of our Group. Since February 2022, Ms. Zheng has served as a director of Medo.

Prior to joining the Group, from February 2020 to September 2021, Ms. Zheng served in the finance department of Beijing ByteDance Network Technology Co., Ltd. (北京字節跳動網絡技術有限公司), a company primarily engaged in the provision of internet information services. From November 2013 to February 2020, she worked at KPMG Advisory (China) Limited (畢馬威企業諮詢(中國)有限公司), a company primarily engaged in the provision of consulting and advisory services, with her last position being a manager.

Ms. Zheng has been a member of the Chinese Institute of Certified Public Accountants since June 2022. Ms. Zheng obtained her bachelor's degree in finance management from the Beijing Technology and Business University in the PRC in June 2013.

Mr. Hau Ka Wai (侯嘉偉), aged 47, joined our Group in March 2017 as our senior principal engineer. He was appointed as the head of our research and development center in April 2023 and as our chief technology officer in May 2025. He is primarily responsible for the operation and management of the research and development center of our Group.

Prior to joining our Group, Mr. Hau's experiences include working at HED and serving as an assistant manager of Fujitsu Semiconductor Limited (富士通半導體有限公司), a company primarily engaged in the design and manufacturing of semiconductors.

Mr. Hau obtained his bachelor's degree in computer engineering and master's degree in philosophy from the City University of Hong Kong in November 2000 and November 2004, respectively.

Mr. Wang Yong (王勇), aged 42, joined our Group in July 2019 as our project management director, was appointed as our head of operations in April 2023 and was promoted to chief operating officer in May 2025. He is primarily responsible for the management of the operations center of our Group.

Prior to joining our Group, from June 2005 to June 2019, Mr. Wang served in various positions at Huawei Technologies Co., Ltd. (華為技術有限公司), a company primarily engaged in the provision of information and communication infrastructure and smart terminals, with his last position being the head of intelligent computing product operations.

Mr. Wang obtained his bachelor's degree in electronic science and technology from Xidian University in the PRC in July 2004.

Mr. Ge Chen (葛晨), aged 45, joined our Group in March 2017 as our business expansion department manager. He was appointed as the assistant to the general manager of our Group in November 2021 and as the secretary of our Board in June 2023. He is primarily responsible for managing our Group's investor relations and governmental projects. Since May 2017, Mr. Ge has worked at Beijing Beidou Huada Technology Co., Ltd. (北京北斗華大科技有限公司) and currently serves as a supervisor. Mr. Ge was also appointed as a joint company secretary of the Company in May 2025.

Prior to joining our Group, from July 2002 to October 2005 and from July 2006 to February 2017, Mr. Ge worked at HED. From December 2005 to June 2006, he worked at Nuctech Company Limited (同方威視技術股份有限公司), a company primarily engaged in the provision of advanced security and inspection solutions.

Mr. Ge obtained his master's degree in engineering management from the New Jersey Institute of Technology in the U.S. in May 2009. Mr. Ge obtained his bachelor's degree in mechanical and electrical engineering from the Beijing University of Technology in the PRC in July 2002.

Mr. Yu Hongtao (于洪濤), aged 35, joined our Group in March 2017 as a senior engineer of our Company responsible for the management of baseband algorithm. He was promoted to the manager of our chip department in September 2021, was appointed as the manager of our delivery department in July 2022, was promoted to the deputy general manager of our chip department in January 2024 and was appointed as our chief scientist in May 2025. He is primarily responsible for the development of our chip business and the expansion of the application of our chip products.

Prior to joining our Group, from December 2013 to February 2017, Mr. Yu served as a software engineer of HED.

Mr. Yu obtained his master's degree in telecommunications from The Hong Kong University of Science and Technology in November 2013. Mr. Yu obtained his bachelor's degree in engineering from Xidian University in the PRC in July 2012.

Mr. Zhang Dinglin (張頂林), aged 37, joined our Group in June 2017 as our sales manager. He was appointed as the head of our application product marketing department in September 2021, was promoted to the deputy general manager of our application business department in January 2024 and was appointed as our chief product director in May 2025. He is primarily responsible for the development of our module business and the expansion of the application of our module products.

Prior to joining our Group, from June 2011 to May 2017, Mr. Zhang served as a sales engineer at Shanghai Gezhou Electronics Co., Ltd. (上海格州電子股份有限公司), a company primarily engaged in technology development, technology consulting, computer system integration and wholesale and retail of electronic equipment. From July 2010 to May 2011, he worked at Xinling Electronic Technology Development (Shenzhen) Co., Ltd. (新靈電子技術開發(深圳)有限公司), a company primarily engaged in the manufacturing of computers, communication and other electronic equipment.

Mr. Zhang obtained his bachelor's degree in electronic information science and technology from the Guiyang University in the PRC in July 2010.

GENERAL

Save as disclosed above, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (2) there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or required be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of interests of our Directors and Chief Executive," each of our Directors confirms with respect to himself or herself that he or she did not hold any interest in our Shares which would be required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above and in this document, each of our Directors confirms with respect to himself or herself that he or she had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Ge Chen (葛晨), aged 45, is the secretary of our Board and one of our joint company secretaries. See "— Senior Management" for his biographical details.

Ms. Yeung Siu Lam (楊兆琳), was appointed as a joint company secretary of our Company in May 2025.

Ms. Yeung is a senior manager of company secretarial services of Tricor Services Limited. Ms. Yeung possesses over 8 years of experience in the company secretary profession and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yeung is the company secretary or joint company secretary of a few companies listed on the Stock Exchange.

Ms. Yeung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Yeung obtained her bachelor of arts degree from The University of Hong Kong in December 2016 and her master of corporate governance degree from The Hong Kong Metropolitan University in November 2020.

BOARD COMMITTEES

We have formed three board committees, namely, the audit committee of the Board (the "**Audit Committee**"), the remuneration committee of the Board (the "**Remuneration Committee**") and the nomination committee of the Board (the "**Nomination Committee**").

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**"). The Audit Committee consists of three members, namely Mr. Ho Hung Tim Chester (何鴻添) ("**Mr. Ho**") and Ms. Wang Changying (王長英) ("**Ms. Wang**"), our independent non-executive Directors, and Ms. Guo Jinxiang (郭金香), our non-executive Director. Mr. Ho has been appointed as the chairman of the Audit Committee and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of Ms. Wang and Ms. Shen Chen (沈塵) ("**Ms. Shen**"), our independent non-executive Directors, and Mr. Lu Wei (鹿偉), our executive Director. Ms. Wang has been appointed as the chairwoman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The Nomination Committee consists of Mr. Ho and Ms. Shen, our independent non-executive Directors, and Mr. Sun, our executive Director. Ms. Shen has been appointed as the chairwoman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors, review the structure, size and composition of our Board and assess the independence of our independent non-executive Directors.

BOARD DIVERSITY

We have adopted our board diversity policy (the "**Board Diversity Policy**") which sets out the objectives and approaches to achieve and maintain diversity on our Board. Our Board Diversity Policy provides that our Company should endeavor to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategies.

We seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Nomination Committee is delegated by our Board to be responsible for monitoring our compliance with the relevant code provisions governing board diversity under the CG Code. After **[REDACTED]**, our Nomination Committee will review our 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 our Board Diversity Policy on an annual basis.

Our Board comprises nine members, including two executive Directors, four non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including experiences in overall management and strategic development, smart technology, electronics, accounting, finance, investment management and corporate governance in addition to industry experience relevant to our Group's operations and business. Furthermore, our Board has a diverse age and gender representation. Our Board has a well-balanced gender composition consisting of four female members and five male members. Our Directors range from 42 years old to 62 years old, and are able to bring diverse perspectives to our Board. After due consideration, our Board believes that based on the meritocracy of our Directors, the composition of our Board satisfies our Board Diversity Policy.

WAIVER GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirement of Rules 8.12 and 19A.15 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see "Waivers from Strict Compliance with the Listing Rules — Waiver in Relation to Management Presence in Hong Kong."

We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirement of Rules 3.28 and 8.17 of the Listing Rules in relation to the academic or professional qualifications of our Company's joint company secretaries. For details of the waiver, see "Waivers from Strict Compliance with the Listing Rules — Waiver in Respect of Joint Company Secretaries."

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance, which are crucial to our development, and safeguard the interests of our Shareholders. Our Company expects to comply with all code provisions in the CG Code after **[REDACTED]**.

[REDACTED] SHARE OPTION SCHEME

In order to incentivize our Directors, senior management and other participants for their contribution to our Group and to attract and retain talented personnel for our Group, we adopted a **[REDACTED]** Share Option Scheme on May 28, 2025. For further details, see "Appendix VI — Statutory and General Information — D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme."

COMPENSATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, allowances and benefits in kind, pension scheme contributions and discretionary bonuses.

The aggregate amount of remuneration our Directors have received (including fees, salaries, allowances and benefits in kind, retirement scheme contributions and discretionary bonuses) for the years ended December 31, 2022, 2023 and 2024 were approximately RMB10.9 million, RMB9.6 million and RMB11.3 million, respectively.

The aggregate amount of fees, salaries, allowances and benefits in kind, retirement scheme contributions and discretionary bonuses paid to the five highest paid individuals of our Company, excluding Directors for the years ended December 31, 2022, 2023 and 2024 were approximately RMB3.16 million, RMB4.94 million and RMB5.13 million, respectively.

It is estimated that remuneration equivalent to approximately RMB7.0 million (including fees, salaries, allowances and benefits in kind, pension scheme contributions and discretionary bonuses) in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2025 under the arrangements currently in force.

No remuneration was paid or payable by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2022, 2023 and 2024.

Further, none of our Directors had waived or agreed to waive any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 by our Group to our Directors.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the **[REDACTED]**, will receive recommendation from our Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and the performance of our Group.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on May 13, 2025, and (ii) understands his or her obligations as a director of a **[REDACTED]** issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his or her independence with regard to each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our 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.

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.

COMPLIANCE ADVISOR

We have appointed Lego Corporate Finance Limited as our compliance advisor (the "**Compliance Advisor**") upon **[REDACTED]** of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to us when consulted by us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- 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;
- where we propose to use the **[REDACTED]** of 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
- where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or **[REDACTED]** of our Shares, the possible development of a false market in our Shares, or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment of the Compliance Advisor shall commence on the **[REDACTED]** and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the **[REDACTED]** and this appointment may be subject to extension by mutual agreement.

OVERVIEW

We [have] entered into certain agreements with one of our connected persons. Following the **[REDACTED]**, the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSON

During the Track Record Period, we have sold chips and modules to, and purchased raw materials from, Shanghai Xiangrui Auto-Tech Co., Ltd. (上海享瑞汽車科技有限公司) ("**Shanghai Xiangrui**"). Shanghai Xiangrui is primarily engaged in the wholesale and retail of auto-related parts and electronic components. Since Shanghai Xiangrui is controlled by our former director, Mr. Tang Xiaofeng (唐曉峰), who retired from our Board on May 28, 2025, Shanghai Xiangrui will become our connected person upon **[REDACTED]** and until May 27, 2026. Our transactions with Shanghai Xiangrui will continue after the **[REDACTED]** and will therefore constitute continuing connected transactions under the Listing Rules.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTION

We [have] entered into a framework agreement with Shanghai Xiangrui, pursuant to which we will purchase certain raw materials for the production of our chips and modules, such as flash memory, sensors and other components, from Shanghai Xiangrui as part of our ordinary and usual course of business. The pricing of the transactions contemplated thereunder shall be on normal commercial terms, determined after arm's length negotiations, and are to be no less favorable to our Group than those offered by Independent Third Parties under the same or similar conditions. As the highest applicable percentage ratios for the abovementioned transaction for the purpose of Chapter 14A of the Listing Rules will be less than 5% on an annual basis and the total annual consideration will be less than HK$3.0 million for each financial year ending December 31, 2025, and 2026, the transaction will constitute a de minimis continuing connected transaction of our Company pursuant to Rule 14A.76(1) of the Listing Rules that will be fully-exempt from reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Sales of electronic components to Shanghai Xiangrui

Principal terms

We (for ourself and on behalf of our subsidiaries) [have] entered into a framework agreement with Shanghai Xiangrui, pursuant to which Shanghai Xiangrui agreed to purchase electronic components such as GNSS chips and modules and comprehensive chips and modules from our Group for a term commencing on the **[REDACTED]** and ending on December 31, 2026, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations (the "**Electronic Components Sales Framework Agreement**").

Subject to the terms as provided in the Electronic Components Sales Framework Agreement, we will enter into specific agreements with Shanghai Xiangrui to set out the specific terms and conditions for the sales of electronic components by our Group.

Historical Amount, Annual Caps and Basis for Annual Caps

We began our sales to Shanghai Xiangrui in 2024. During the year ended December 31, 2024, the historical transaction amount for the sales of electronic components to Shanghai Xiangrui was RMB26.0 million. The proposed annual caps of the transaction amounts contemplated under the Electronic Components Sales Framework Agreement are set out below:

	Proposed Annual Cap for the year ending December 31,	
	2025	**2026**
	(RMB in thousands)	
Sales of electronic components	80,000	100,000

The above proposed annual caps are determined with reference to:

(1) the historical transaction amount during the five months ended December 31, 2024 (the historical transaction amount from August 2024 to December 2024 was approximately RMB24.0 million), as we only ramped up our business cooperation with Shanghai Xiangrui since August 2024; and

(2) the expected growth of demand in our products from Shanghai Xiangrui. Our annual sales volume to Shanghai Xiangrui is estimated to be increased by around two times in 2025 and 25% in 2026, taking into account the existing business expansion plan of Shanghai Xiangrui and the strengthening of business relationship between the parties. The relatively high growth in 2025 is due to the mutual expectation that Shanghai Xiangrui will significantly increase its demand in our products after the initial phase of cooperation.

Pricing Basis

The selling prices of electronic components under the Electronic Components Sales Framework Agreement are determined on an arm's length basis between our Group and Shanghai Xiangrui with reference to the prices charged by our Group for similar products to other customers who are Independent Third Parties. In principle, the terms of the sales to Shanghai Xiangrui shall be no less favorable to our Group than those we offered to Independent Third Parties during the same period and under the same or similar conditions. When setting the selling prices, our Group will take into account various factors including but not limited to product types, transaction volumes and production costs. Prior to any specific sales agreement is entered into, our business department will compare the pricing terms of the agreement and those we offer to independent customers in order to ensure such terms are consistent with and no less favorable to our Group than the terms on which we provide similar products to independent customers.

Reason for the Transactions

It is in the ordinary course of business of our Group to sell, and in the ordinary course of business of Shanghai Xiangrui to purchase electronic components such as GNSS chips and modules and comprehensive chips and modules. Since we have commenced our business dealings with Shanghai Xiangrui in 2024, the parties have maintained a stable business relationship with each other and we are familiar with the specification requirements and quality standards of Shanghai Xiangrui for the relevant electronic components. We believe it is in the best interests of our Group and our Shareholders as a whole to continue to sell electronic components to Shanghai Xiangrui after the **[REDACTED]**, which will enable us to be benefited from the growth of Shanghai Xiangrui indirectly.

Listing Rules Implications

In respect of the continuing connected transaction under the Electronic Components Sales Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, the continuing connected transaction will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

As the abovementioned non-exempt continuing connected transaction has been and will continue to be carried out by our Group on a continuing and recurring basis and have been fully disclosed in this document, our Directors are of the view that compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules would impose unnecessary administrative costs and burden to our Group.

Accordingly, we have applied for[, and the Stock Exchange has granted to us,] a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules in respect of the non-exempt continuing connected transaction, subject to the condition that the aggregate value of such continuing connected transaction for each financial year ending December 31, 2025, and 2026 shall not exceed relevant annual amounts set forth in the proposed annual caps above.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that (i) the non-exempt continuing connected transaction as set out above have been and shall be entered into in the ordinary and usual course of our business, on normal commercial terms or better; (ii) the terms of the non-exempt continuing connected transaction are fair and reasonable and in the interests of our Group and our Shareholders as a whole; and (iii) the terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

JOINT SPONSORS' VIEW

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transaction as set out above have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better; (ii) the terms of the non-exempt continuing connected transaction are fair and reasonable and in the interests of our Group and our Shareholders as a whole; and (iii) the proposed annual caps thereof are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (without taking into account any H Shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the **[REDACTED]** Share Option Scheme), the following persons will have an interest or a short position in our Shares or underlying Shares which will be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date(1)		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) (1)		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
China Electronics Optics Valley (Shenzhen) Industrial Development Co., Ltd. (中電光谷(深圳)產業發展有限公司) ("**CEC Optics Valley (Shenzhen)**")	Beneficial owner	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Optics Valley Union Group Co., Ltd. (武漢光谷聯合集團有限公司) ("**Wuhan Optics**")	Interest in controlled corporation(2)	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
Optics Valley Union Holding Company Limited (光谷聯合控股有限公司) ("**Optics Valley Union**")	Interest in controlled corporation(2)	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
China Electronics Optics Valley Union Company Limited (中電光谷聯合有限公司) ("**Electronics Optics**").	Interest in controlled corporation(2)	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]

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		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
AAA Holdings Limited	Interest in controlled corporation[(2)]	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
China Electronics Optics Valley Union Holding Company Limited (中電光谷聯合控股有限公司) ("**CEC Optics Valley**")	Interest in controlled corporation[(2)]	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
China Electronics International Information Service Co., Ltd. (中國中電國際信息服務有限公司) ("**CEIS**")	Interest in controlled corporation[(2)]	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
China Electronics Co. Ltd. (中國電子有限公司) ("**CEL**")	Interest in controlled corporation[(2)]	79,608,925 Unlisted Shares	9.22%	[REDACTED]	[REDACTED]	[REDACTED]
China Electronics Corporation Limited (中國電子信息產業集團有限公司) ("**CEC**")	Interest in controlled corporation[(2)]	86,148,934 Unlisted Shares	9.98%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Jiutianshu Phase III Enterprise Management Partnership (Limited Partnership) (天津九天樹三期企業管理合夥企業(有限合夥)) ("**Tianjin Jiutianshu**")	Beneficial owner	55,590,072 Unlisted Shares	6.44%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
	Interests held jointly with another person[(3)]	16,350,021 Unlisted Shares	1.89%	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Hongyu Optimal Investment Management Partnership (Limited Partnership) (杭州泓聿優選投資管理合夥企業(有限合夥)) ("**Hangzhou Hongyu**")	Beneficial owner	16,350,021 Unlisted Shares	1.89%	[REDACTED]	[REDACTED]	[REDACTED]
	Interests held jointly with another person[(3)]	55,590,072 Unlisted Shares	6.44%	[REDACTED]	[REDACTED]	[REDACTED]
Xiamen Yuanfeng Investment Co., Ltd. (廈門源峰投資有限公司) ("**Xiamen Yuanfeng**") .	Interest in controlled corporation[(4)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) ("**Beijing Panmao**")	Interest in controlled corporation[(4)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
Xiamen Yuanfeng Equity Investment Fund Partnership (Limited Partnership) (厦門源峰股權投資基金合夥企業(有限合夥)) ("**Yuanfeng Equity**")	Interest in controlled corporation[(4)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Changrui Asset Management Co., Ltd. (蘇州常瑞資產管理有限公司) ("**Suzhou Changrui**")	Interest in controlled corporation[(5)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Hehua Equity Investment Fund Co., Ltd. (上海荷花股權投資基金有限公司) ("**Hehua Equity Investment**")	Interest in controlled corporation[(5)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Changrui Asset Management Co., Ltd. (北京常瑞資產管理有限公司) ("**Beijing Changrui**")	Interest in controlled corporation[(5)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Tian Yu (田宇)	Interest in controlled corporation[(5)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Nie Lei (聶磊)	Interest in controlled corporation[(5)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Hehuayuan Enterprise Management Centre (Limited Partnership) (上海荷花緣企業管理中心(有限合夥)) ("**Shanghai Hehuayuan**")	Interest in controlled corporation[(5)]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[1]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [1]		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the total issued share capital	Number of Shares	Approximate percentage of interest in the Unlisted Shares/H Shares	Approximate percentage of interest in the total issued share capital
Shanghai Wanxing Information Technology Co., Ltd. (上海萬興信息科技有限公司) ("**Shanghai Wanxing**")	Interest in controlled corporation[5]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Wind Information Co., Ltd. (萬得信息技術股份有限公司) ("**Wind Information**")	Interest in controlled corporation[5]	71,940,093 Unlisted Shares	8.34%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Beidou Qihang Industrial Co., Ltd. (深圳市北斗啓航實業有限公司) ("**Beidou Qihang**")	Interest in controlled corporation[6]	67,188,933 Unlisted Shares	7.79%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Sun	Interest in controlled corporation[6]	67,188,933 Unlisted Shares	7.79%	[REDACTED]	[REDACTED]	[REDACTED]
	Beneficial owner	825,000 Unlisted Shares	0.10%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Dingxin Private Equity Investment Partnership (Limited Partnership) (深圳鼎信私募股權投資合夥企業(有限合夥)) ("**Shenzhen Dingxin**")	Beneficial owner	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the total issued share capital	Number of Shares	Approximate percentage of interest in the Unlisted Shares/H Shares	Approximate percentage of interest in the total issued share capital
Dinghui Equity Management (Tianjin) Co., Ltd. (鼎輝股權投資管理(天津)有限公司) ("**Dinghui Equity**")	Interest in controlled corporation[(7)]	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) ("**Tianjin Taiding**")	Interest in controlled corporation[(7)]	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) ("**Tianjin Haoyong**")	Interest in controlled corporation[(7)]	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理股份有限公司) ("**Tianjin Weiyuan**")	Interest in controlled corporation[(7)]	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) ("**Ningbo Huiyong**")	Interest in controlled corporation[(7)]	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date(1)		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) (1)		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the total issued share capital	Number of Shares	Approximate percentage of interest in the Unlisted Shares/H Shares	Approximate percentage of interest in the total issued share capital
Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. ("寧波經濟技術開發區維均投資諮詢有限公司") ("**Ningbo Weijun**") .	Interest in controlled corporation(7)	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
East Oak Company Limited ("**East Oak**")	Interest in controlled corporation(7)	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
Access Star Company Limited ("**Access Star**").	Interest in controlled corporation(7)	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
CDH Investment (BVI) Company Limited ("**CDH Investment**")	Interest in controlled corporation(7)	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
CDH Investment Management Company limited ("**CDH Management**")	Interest in controlled corporation(7)	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
CDH Griffin Holdings Company Limited ("**CDH Griffin**") . . .	Interest in controlled corporation(7)	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
Xinyin Growth (Shenzhen) Equity Investment Fund (Limited Partnership) (信銀成長(深圳)股權投資基金(有限合夥)) ("**Xinyin Growth**")	Interest in controlled corporation[(7)]	62,446,310 Unlisted Shares	7.24%	[REDACTED]	[REDACTED]	[REDACTED]
Xinyin (Shenzhen) Equity Investment Fund Management Co. Ltd. (信銀(深圳)股權投資基金管理有限公司) ("**Xinyin (Shenzhen) Equity**")	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]
CNCB (Hong Kong) Investment Co., Ltd. (信銀(香港)投資有限公司) ("**CNCB Investment**")	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]
China CITIC Bank Corporation Limited (中信銀行股份有限公司) ("**CITIC Bank**")	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]
CITIC Financial Holdings Co., Ltd. ("**CITIC Financial**")	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]
CITIC Corporation Limited ("**CITIC Corporation**")	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]

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		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
CITIC Limited.	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]
CITIC Group Corporation	Interest in controlled corporation[(7)(8)]	74,652,192 Unlisted Shares	8.65%	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Zhaoying Yunteng Equity Investment Partnership Enterprise (Limited Partnership) (蘇州招贏雲騰股權投資合夥企業(有限合夥)) ("**Suzhou Zhaoying Yunteng**").	Beneficial owner	60,860,076 Unlisted Shares	7.05%	[REDACTED]	[REDACTED]	[REDACTED]
China Merchant Bank International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理(深圳)有限公司) ("**CMBI Shenzhen**")	Interest in controlled corporation[(9)]	60,860,076 Unlisted Shares	7.05%	[REDACTED]	[REDACTED]	[REDACTED]
CMB Financial Holdings (Shenzhen) Co., Ltd. (招銀金融控股(深圳)有限公司) ("**CMB Financial**")	Interest in controlled corporation[(9)]	60,860,076 Unlisted Shares	7.05%	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholder	Nature of interest	As of the Latest Practicable Date[(1)] Number of Shares	As of the Latest Practicable Date[(1)] Approximate percentage of interest in the total issued share capital	Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme)[(1)] Number of Shares	Approximate percentage of interest in the Unlisted Shares/H Shares	Approximate percentage of interest in the total issued share capital
CMB International Capital Corporation Limited (招銀國際金融有限公司) ("**CMBI Capital**")	Interest in controlled corporation[(9)]	60,860,076 Unlisted Shares	7.05%	[REDACTED]	[REDACTED]	[REDACTED]
CMB International Capital Holdings Corporation Limited (招銀國際金融控股有限公司) ("**CMBI Capital Holdings**")	Interest in controlled corporation[(9)]	60,860,076 Unlisted Shares	7.05%	[REDACTED]	[REDACTED]	[REDACTED]
China Merchants Bank Co., Ltd. (招商銀行股份有限公司) ("**China Merchants Bank**")	Interest in controlled corporation[(9)]	60,860,076 Unlisted Shares	7.05%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Shunying and Yuhua Hangxin Beichen (Xiamen) Investment Partnership (Limited Partnership) (譽華航芯北辰(廈門)投資合夥企業(有限合夥)) ("**Yuhua Hangxin Beichen**")	Beneficial owner	21,361,004 Unlisted Shares	2.48%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Yuhua Private Equity Fund Management Co., Ltd. (北京譽華私募基金管理有限公司) ("**Beijing Yuhua**")	Interest in controlled corporation[(10)]	24,631,008 Unlisted Shares	2.85%	[REDACTED]	[REDACTED]	[REDACTED]
China Aviation Industry Investment Co., Ltd. (中航產業投資有限公司) ("**AVIC Industry**")	Interest in controlled corporation[(10)]	24,631,008 Unlisted Shares	2.85%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[(1)]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) [(1)]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
AVIC Industry-Finance Holdings Co., Ltd. (中航工業產融控股股份有限公司) ("**AVIC Industry-Finance**")	Interest in controlled corporation[(10)]	33,785,724 Unlisted Shares	3.91%	[REDACTED]	[REDACTED]	[REDACTED]
Aviation Industry Corporation of China (中國航空工業集團有限公司) ("**Aviation China**") .	Interest in controlled corporation[(10)]	33,785,724 Unlisted Shares	3.91%	[REDACTED]	[REDACTED]	[REDACTED]
Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港集團（天津）投資管理有限公司) ("**Hebei Port**")	Interest in controlled corporation[(10)]	21,361,004 Unlisted Shares	2.48%	[REDACTED]	[REDACTED]	[REDACTED]
Hebei Port Group Co., Ltd. (河北港口集團有限公司) ("**Hebei Port Group**")	Interest in controlled corporation[(10)]	21,361,004 Unlisted Shares	2.48%	[REDACTED]	[REDACTED]	[REDACTED]
Caofeidian State-owned Investment Group Co., Ltd. (曹妃甸國控投資集團有限公司) ("**Caofeidian**")	Interest in controlled corporation[(10)]	21,361,004 Unlisted Shares	2.48%	[REDACTED]	[REDACTED]	[REDACTED]
Tangshan State-owned Assets Management Group Co., Ltd. (唐山國控集團有限公司) ("**Tangshan SOAM Group**") .	Interest in controlled corporation[(10)]	21,361,004 Unlisted Shares	2.48%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date[1]		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme)[1]		
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in the total issued share capital**	**Number of Shares**	**Approximate percentage of interest in the Unlisted Shares/H Shares**	**Approximate percentage of interest in the total issued share capital**
Tianjin Shunying Investment Center (Limited Partnership) (天津順盈投資中心(有限合夥)) ("**Tianjin Shunying**")	Beneficial owner[10]	9,154,716 Unlisted Shares	1.06%	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Lifeng Chuangxin Venture Capital Partnership (Limited Partnership) (廣東立豐創芯創業投資合夥企業 (有限合夥)) ("**Guangdong Lifeng Chuangxin**")	Beneficial owner[11]	8,639,959 Unlisted Shares	1.00%	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Lifeng Private Equity Fund Management Co., Ltd. (廣州立豐私募基金管理有限公司) ("**Guangzhou Lifeng PE**")	Interest in controlled corporation[11]	15,709,016 Unlisted Shares	1.82%	[REDACTED]	[REDACTED]	[REDACTED]
Guangzhou Hongchuang Enterprise Development Co., Ltd. (廣州泓創企業發展有限公司) ("**Guangzhou Hongchuang**")	Interest in controlled corporation[11]	15,709,016 Unlisted Shares	1.82%	[REDACTED]	[REDACTED]	[REDACTED]
Qiu Xionghui (邱雄輝)	Interest in controlled corporation[11]	15,709,016 Unlisted Shares	1.82%	[REDACTED]	[REDACTED]	[REDACTED]
Zhang Yuejun (張岳俊)	Interest in controlled corporation[11]	15,709,016 Unlisted Shares	1.82%	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date(1)		Immediately after the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] or the options granted under the [REDACTED] Share Option Scheme) (1)		
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the total issued share capital	Number of Shares	Approximate percentage of interest in the Unlisted Shares/H Shares	Approximate percentage of interest in the total issued share capital
Guangdong Lifeng Hengyuan Venture Capital Partnership (Limited Partnership) (廣東立豐衡遠創業投資合夥企業(有限合夥)) ("**Guangdong Lifeng Hengyuan**")	Beneficial owner(11)	5,890,881 Unlisted Shares	0.68%	[REDACTED]	[REDACTED]	[REDACTED]
Yu Xinzi (余欣姿).	Interest in controlled corporation(11)	5,890,881 Unlisted Shares	0.68%	[REDACTED]	[REDACTED]	[REDACTED]
Nanchang Honggutan New District Hangtou Yuhua Equity Investment Center (Limited Partnership) (南昌市紅谷灘新區航投譽華股權投資中心(有限合夥)) ("**Hangtou Yuhua**")	Beneficial owner(10)	3,270,004 Unlisted Shares	0.38%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All interests are held in long positions.

(2) As of the Latest Practicable Date, CEC Optics Valley (Shenzhen) was a limited liability company established under the laws of the PRC and was wholly owned by Wuhan Optics, which was wholly owned by Optics Valley Union. Optics Valley Union was wholly owned by Electronics Optics, which was wholly owned by AAA Holdings Limited. AAA Holdings Limited was wholly owned by CEC Optics Valley. CEC Optics Valley was a company listed on the Stock Exchange (stock code: 00798.HK) and was owned as to 33.94% by CEIS, which was wholly owned by CEL, and CEL was owned as to 81.66% by CEC, a state-owned company established under laws of the PRC.

Accordingly, under Part XV of the SFO, Wuhan Optics, Optics Valley Union, Electronics Optics, AAA Holdings Limited, CEC Optics Valley, CEIS, CEL and CEC are deemed to be interested in all the Shares held by CEC Optics Valley (Shenzhen).

Further, as of the Latest Practicable Date, 6,540,009 Shares were held by Shenzhen CECport Technology Co., Ltd. (深圳中電港技術股份有限公司) ("**Shenzhen CECport**"), which was owned as to 31.34% and 4.31% by China Electronics International Information Services Co., Ltd. (中國中電國際信息服務有限公司) ("**CE International**") and CEC, respectively. CE International was wholly owned by CEL. Accordingly, under Part XV of the SFO, CEC is also deemed to be interested in all the Shares held by Shenzhen CECport.

(3) As of the Latest Practicable Date, Tianjin Jiutianshu and Hangzhou Hongyu were parties acting in concert since they were controlled by the same individuals. See "History, Development and Corporate Structure — **[REDACTED]** Investments — 5. Information relating to our **[REDACTED]** Investors."

(4) As of the Latest Practicable Date, Tianjin Jiutianshu was a limited partnership established under the laws of the PRC. The general partner of Tianjin Jiutianshu was Xiamen Yuanfeng, which was owned as to 90.91% by Beijing Panmao. Beijing Panmao was owned by Nie Lei (聶磊) and Tian Yu (田宇) as to 30.00% each, and each of the remaining shareholders of Beijing Panmao held less than one-third of the partnership interests therein.

The only limited partner of Tianjin Jiutianshu was Yuanfeng Equity, holding 99.95% partnership interest therein. The general partner of Yuanfeng Equity was Xiamen Yuanfeng. Yuanfeng Equity had 40 limited partners, each of them held less than one-third of the partnership interests therein.

Accordingly, under Part XV of the SFO, Xiamen Yuanfeng, Beijing Panmao and Yuanfeng Equity are deemed to be interested in all the interests in Shares held by Tianjin Jiutianshu.

(5) As of the Latest Practicable Date, Hangzhou Hongyu was a limited partnership established under the laws of the PRC. The general partners of Hangzhou Hongyu were Suzhou Changrui and Hehua Equity Investment. Suzhou Changrui was wholly owned by Beijing Changrui. Beijing Changrui was owned by Tian Yu (田宇) and Nie Lei (聶磊) as to 40.00% each. Hehua Equity Investment was owned as to 99.00% by Wind Information.

Hangzhou Hongyu had one limited partner, Shanghai Hehuayuan, which held 99.60% of the partnership interest therein. The general partner of Shanghai Hehuayuan was Shanghai Wanxing, which was wholly owned by Wind Information. The only limited partner of Shanghai Hehuayuan was Wind Information.

Accordingly, under Part XV of the SFO, Suzhou Changrui, Hehua Equity Investment, Beijing Changrui, Tian Yu, Nie Lei, Shanghai Lotus, Shanghai Wanxing and Wind Information are deemed to be interested in all the interests in Shares of Hangzhou Hongyu.

(6) As of the Latest Practicable Date, 36,128,933 Shares, 23,020,000 Shares and 8,040,000 Shares were held by Hainan Beidou Qihang Technology Investment Partnership (Limited Partnership) (海南北斗啓航科技投資合夥企業(有限合夥)) ("**Hainan Beidou Qihang**"), Gongqingcheng Beidou Shouhang Investment Management Partnership (Limited Partnership) (共青城北斗首航投資管理合夥企業(有限合夥)) ("**Gongqingcheng Beidou Shouhang**") and Gongqingcheng Beidou Huihang Investment Management Partnership (Limited Partnership) (共青城北斗慧航投資管理合夥企業(有限合夥)) ("**Gongqingcheng Beidou Huihang**"), respectively. The general partner of Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang and Gongqingcheng Beidou Huihang was Beidou Qihang, which was owned as to 99.00% by Mr. Sun.

Hainan Beidou Qihang had 44 limited partners, out of which Mr. Sun held 50.61% of the partnership interests therein. The other limited partners of Hainan Beidou Qihang each held less than one-third of the partnership interests therein. Gongqingcheng Beidou Shouhang had 46 limited partners, each held less than one-third of the partnership interests therein. Gongqingcheng Beidou Huihang had 17 limited partners, each held less than one-third of the partnership interests therein.

Accordingly, under Part XV of the SFO, Beidou Qihang and Mr. Sun are deemed to be interested in all the Shares held by Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang and Gongqingcheng Beidou Huihang.

Further, 825,000 share options were granted to Mr. Sun under the **[REDACTED]** Share Option Scheme to subscribe for 825,000 Shares. Pursuant to the rules of the **[REDACTED]** Share Option Scheme, the source of underlying Shares in respect of the options granted under the **[REDACTED]** Share Option Scheme includes Unlisted Shares, H Shares and treasury Shares of our Company and our Board will determine the types of Shares to be issued upon the exercise of the options based on the circumstances at the time of the exercise. See "Appendix VI — Statutory and General Information — D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme."

(7) As of the Latest Practicable Date, Shenzhen Dingxin was a limited partnership established under the laws of the PRC. The general partner of Shenzhen Dingxin was Dinghui Equity, which was owned as to 85.40% by Tianjin Taiding. Tianjin Taiding was owned as to 55.00% and 45.00% by Tianjin Haoyong and Tianjin Weiyuan, respectively. Tianjin Haoyong was wholly owned by Ninbo Huiyong, which was wholly owned by East Oak. East Oak was wholly controlled by CDH Investment. Tianjin Weiyuan was wholly owned by Ningbo Weijun, which was wholly owned by Access Star. Access Star was wholly controlled by CDH Investment. CDH Investment was wholly owned by CDH Management, which was owned as to 82.5% by CDH Griffin. To the best knowledge of our Directors, none of the shareholders of CDH Griffin held one-third or more of the shares of CDH Griffin.

Shenzhen Dingxin's only limited partner was Xinyin Growth, which held 99.9995% of the partnership interest therein. The general partner of Xinyin Growth was Xinyin (Shenzhen) Equity, which was wholly owned by CNCB Investment, and CNCB Investment was wholly owned by CITIC Bank, the shares of which were listed on the Shanghai Stock Exchange (stock code: 601998) and on the Stock Exchange (stock code: 998). To the best knowledge of our Directors, CITIC Bank's total issued shares were held as to 64.75%, 2.02% and 1.05% by CITIC Financial, CTI Capital Management Limited and CITIC Corporation, respectively. CTI Capital Management Limited was indirectly wholly owned by CITIC Financial, which was wholly owned by CITIC Corporation. CITIC Corporation was wholly owned by CITIC Limited, which was owned as to 27.52% and 25.60% by CITIC Polaris Limited and CITIC Glory Limited, respectively. CITIC Polaris Limited and CITIC Glory Limited were both wholly owned by CITIC Group Corporation. The only limited partner of Xinyin Growth was CNCB Investment, which held 99.998% of the partnership interests therein.

Accordingly, under Part XV of the SFO, Dinghui Equity, Tianjin Taiding, Tianjin Haoyong, Tianjin Weiyuan, Ninbo Huiyong, East Oak, Ningbo Weijun, Access Star, CDH Investment, CDH Management, CDH Griffin, Xinyin Growth, Xinyin (Shenzhen) Equity, CNCB Investment, CITIC Bank, CITIC Financial, CITIC Corporation, CITIC Limited and CITIC Group Corporation are deemed to be interested in all the Shares held by Shenzhen Dingxin.

(8) As of the Latest Practicable Date, 12,205,882 Shares were held by Fuzhou CITIC Bank No. 2 Investment Partnership (Limited Partnership) (福州信銀貳號投資合夥企業(有限合夥)) ("**Fuzhou CITIC Bank No. 2**"). The general partner of Fuzhou CITIC Bank No. 2 was Shanghai Xinyin Haisi Investment Management Co., Ltd. (上海信銀海絲投資管理有限公司), which was wholly owned by Xinyin (Shenzhen) Equity. Fuzhou CITIC Bank No. 2's only limited partner was Xinyin (Shenzhen) Equity, which held 99.998% of the partnership interests therein.

Accordingly, under Part XV of the SFO, Xinyin (Shenzhen) Equity, CNCB Investment, CITIC Bank, CITIC Financial, CITIC Corporation, CITIC Limited and CITIC Group Corporation are deemed to be interested in all the Shares held by Fuzhou CITIC Bank No. 2.

(9) As of the Latest Practicable Date, Suzhou Zhaoying Yunteng was a limited partnership established under the laws of the PRC. The general partner of Suzhou Zhaoying Yunteng was CMBI Shenzhen, which was wholly owned by CMB Financial, which was wholly owned by CMBI Capital. CMBI Capital was owned as to 83.20% by CMBI Capital Holdings and as to 16.80% by CMB Wing Lung Bank Limited (招商永隆銀行有限公司) ("**CMBWL Bank**"). Both CMBI Capital Holdings and CMBWL Bank were wholly owned by China Merchants Bank, a company listed on the Shanghai Stock Exchange (stock code: 600036) and on the Stock Exchange (stock code: 3968). None of the shareholders of China Merchants Bank held one-third or more of the shares of China Merchants Bank.

Suzhou Zhaoying Yunteng had 20 limited partners, none of which held more than 20.00% of the partnership interests therein.

(10) As of the Latest Practicable Date, Yuhua Hangxin Beichen was a limited partnership established under the laws of the PRC. The general partner of Yuhua Hangxin Beichen was Beijing Yuhua, which was in turn wholly owned by AVIC Industry, which was in turn wholly owned by AVIC Industry-Finance. AVIC Industry-Finance was owned as to 39.87% by Aviation China, which was in turn wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council. To the best knowledge of our Directors, none of the other shareholders of AVIC Industry-Finance held one-third or more of the shares of AVIC Industry-Finance.

Yuhua Hangxin Beichen had three limited partners, out of which Hebei Port held 65.71% of the partnership interests therein. Hebei Port was wholly owned by Hebei Port Group, which was in turn owned as to 56.99%, 32.93% and 0.47% by the State-owned Assets Supervision and Administration Commission of Hebei Provincial People's Government (河北省人民政府國有資產監督管理委員會), Caofeidian and Tangshan Caofeidian Jianlanshan Industrial Co., Ltd. (唐山曹妃甸漸蘭珊實業有限公司) ("**Tangshan Caofeidian**"), respectively. Tangshan Caofeidian was wholly controlled by Caofeidian, which was in turn wholly owned by Tangshan SOAM Group, which was in turn wholly owned by the Tangshan Municipal People's Government State-owned Assets Supervision and Administration Commission (唐山市人民政府國有資產監督管理委員會). To the best knowledge of our Directors, none of the two other limited partners of Yuhua Hangxin Beichen held one-third or more of the partnership interests therein.

Accordingly, under Part XV of the SFO, Beijing Yuhua, AVIC Industry, AVIC Industry-Finance, Aviation China, Hebei Port, Hebei Port Group, Caofeidian and Tangshan SOAM Group are deemed to be interested in all the Shares held by Yuhua Hangxin Beichen.

Tianjin Shunying was a limited partnership established under the laws of the PRC whose general partner was Tianjin Yufeng Equity Investment Management Co., Ltd. (天津裕豐股權投資管理有限公司), which was ultimately controlled by AVIC Industry-Finance. Accordingly, under Part XV of the SFO, AVIC Industry-Finance and Aviation China are deemed to be interested in all the Shares held by Tianjin Shunying.

Hangtou Yuhua was a limited partnership established under the laws of the PRC. The general partners of Hangtou Yuhua were Nanchang Honggutan New District Hangyu Equity Investment Co., Ltd. (南昌市紅谷灘新區航譽股權投資有限公司) ("**Hangyu Equity**") and Beijing Yuhua, with Hangyu Equity being the executive partner. Hangyu Equity was owned as to 45.00% by AVIC Industry. Accordingly, under Part XV of the SFO, Beijing Yuhua, AVIC Industry, AVIC Industry-Finance and Aviation China are deemed to be interested in all the Shares held by Hangtou Yuhua.

(11) As of the Latest Practicable Date, Guangdong Lifeng Chuangxin was a limited partnership established under the laws of the PRC. The general partner of Guangdong Lifeng Chuangxin was Guangzhou Lifeng PE, which was in turn owned as to 52.50% by Guangzhou Hongchuang, which was in turn owned as to 51.00% and 39.00% by Qiu Xionghui (邱雄輝) and Zhang Yuejun (張岳俊), respectively. To the best knowledge of our Directors, none of Guangdong Lifeng Chuangxin's limited partners held one-third or more of the partnership interests therein.

As of the Latest Practicable Date, Guangdong Lifeng Hengyuan was a limited partnership established under the laws of the PRC whose general partner was Guangzhou Lifeng PE. Guangdong Lifeng Hengyuan had five limited partners, out of which, Yu Xinzi (余欣姿) held 41.80% of the partnership interests therein. To the best knowledge of our Directors, none of the other limited partners of Guangdong Lifeng Hengyuan held one-third or more of the partnership interests therein.

As of the Latest Practicable Date, 1,178,176 Shares (which will remain **[REDACTED]** after the **[REDACTED]**) were held by Guangdong Xinhong No.1 Venture Capital Partnership (Limited Partnership) (廣東鑫泓一號創業投資合夥企業 (有限合夥)) ("**Guangdong Xinhong No.1**"), a limited partnership established under the laws of the PRC, whose general partner was Guangzhou Lifeng PE. To the best knowledge of our Directors, none of the limited partners of Guangdong Xinhong No.1 held one-third or more of the partnership interests therein.

Accordingly, under Part XV of the SFO, (i) Guangzhou Lifeng PE, Guangzhou Hongchuang, Qiu Xionghui and Zhang Yuejun are deemed to be interested in all the Shares held by Guangdong Lifeng Chuangxin, Guangdong Lifeng Hengyuan and Guangdong Xinhong No.1; and (ii) Yu Xinzi is deemed to be interested in all the Shares held by Guangdong Lifeng Hengyuan.

Save as disclosed above and in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of interests of our Directors and Chief Executive" in Appendix VI, our Directors are not aware of any person who will, 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]** or the options granted under the **[REDACTED]** Share Option Scheme, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB863,040,573 comprising of 863,040,573 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the **[REDACTED]** and the **[REDACTED]** of Unlisted Shares into H Shares, assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised, the share capital of our Company will be as follows:

Description of shares	Number of Shares	Approximate percentage of issued share capital after the [REDACTED]
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares to be **[REDACTED]** from Unlisted Shares	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shares in total	**[REDACTED]**	**[REDACTED]**

Immediately upon completion of the **[REDACTED]** and the **[REDACTED]** of Unlisted Shares into H Shares, assuming the **[REDACTED]** is exercised in full and the options granted under the **[REDACTED]** Share Option Scheme are not exercised, the share capital of our Company will be as follows:

Description of shares	Number of Shares	Approximate percentage of issued share capital after the [REDACTED]
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares to be **[REDACTED]** from Unlisted Shares	**[REDACTED]**	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shares in total	**[REDACTED]**	**[REDACTED]**

UNLISTED SHARES AND H SHARES

Upon the completion of the **[REDACTED]** and the **[REDACTED]** of Unlisted Shares into H Shares, our Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and 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 filing with any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of Shares.

[REDACTED] OF UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, our Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed and all the filling procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of our Unlisted Shares are to be **[REDACTED]**, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, such **[REDACTED]**, **[REDACTED]** and **[REDACTED]** will be undertaken upon completion of the filing procedures with the CSRC and the approval of the Stock Exchange.

Filing with the CSRC for Full Circulation

In accordance with the Guidelines for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引), the Trial Administrative Measures and the relevant five guidelines announced by the CSRC, H-share listed companies which apply for the conversion of domestic unlisted shares into H shares for **[REDACTED]** and **[REDACTED]** on the Stock Exchange shall conform to relevant regulations promulgated by the CSRC, and authorize the company to file with the CSRC on their behalf.

Our Company applied for a "Full Circulation" with the CSRC on [•], and submitted the application reports, authorization documents of the Shareholders of Unlisted Shares for which an H-share "Full Circulation" was applied, commitment about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC. Our Company has received the reply from the CSRC dated [•], pursuant to which, a total of **[REDACTED]** Unlisted Shares (with a nominal value of RMB1.00 each) held by **[REDACTED]** Shareholders (the "**Domestic Participating Shareholders**") were approved to be **[REDACTED]** into H Shares, and the relevant Shares may be **[REDACTED]** on the Stock Exchange upon completion of the **[REDACTED]**. The aforesaid shall remain effective within 12 months from the date of approval.

The **[REDACTED]** of Unlisted Shares into H Shares will involve an aggregate of **[REDACTED]** Unlisted Shares held by **[REDACTED]** out of [52] existing Shareholders, representing approximately **[REDACTED]** of the total issued Shares of our Company as of the Latest Practicable Date and approximately **[REDACTED]** of the total issued Shares of our Company upon completion of the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised) and the **[REDACTED]** of Unlisted Shares into H Shares.

Set out below are such Shares held by our existing Shareholders and their respective shareholding upon completion of the **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised) and the **[REDACTED]** of Unlisted Shares into H Shares:

	Shares held immediately following the [REDACTED] (assuming the [REDACTED] and the options granted under the [REDACTED] Share Option Scheme are not exercised) and the [REDACTED] of Unlisted Shares into H Shares			
Shareholders	**H Shares**	**Approximate percentage**	**Unlisted Shares**	**Approximated Percentage**
CEC Optics Valley (Shenzhen)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Dingxin	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Suzhou Zhaoying Yunteng	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tianjin Jiutianshu	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Jinjia	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ningbo Bird	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hainan Beidou Qihang	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
BYD	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Zhuhai Gree VC	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Jiaxing Qixin	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
RBCV	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Gongqingcheng Beidou Shouhang	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ningbo Haoyu	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

	Shares held immediately following the [REDACTED] (assuming the [REDACTED] and the options granted under the [REDACTED] Share Option Scheme are not exercised) and the [REDACTED] of Unlisted Shares into H Shares			
Shareholders	H Shares	Approximate percentage	Unlisted Shares	Approximated Percentage
Yuhua Hangxin Beichen	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Yunfeng Fund	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Hongyu	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CSSC Smart Ocean	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Common Home VC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Shangqi VC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai SAIC VC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Qibi	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Guangge	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fuzhou CITIC Bank No. 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CEC & CICC Fund	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Civil Aviation ATG Connectivity VC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CDB Science and Technology VC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Envision	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CETC Core Technology	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Rongchuang Lingyue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Shunying	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Lifeng Chuangxin	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Beidou Huihang	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Hongyuan Taifu No. 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jingwei	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen CECport	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Jintan	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fibocom Investment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jiaoxin Yuheng	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tongxiang Wuzhen Jiayu	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Lifeng Hengyuan	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Jiaxin No. 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Zhengge	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Qixin No. 2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nanchang Qingying	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangtou Yuhua	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Kangyue Tongqin	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Dongxi	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Chengzhang Gongying	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Guangdong Xinhong No. 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	Shares held immediately following the [REDACTED] (assuming the [REDACTED] and the options granted under the [REDACTED] Share Option Scheme are not exercised) and the [REDACTED] of Unlisted Shares into H Shares			
Shareholders	H Shares	Approximate percentage	Unlisted Shares	Approximated Percentage
Shenzhen Baiqian	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Chuangqi Kaiying	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yangzhou Qianyi	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED] Approval by the Stock Exchange

We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (including any H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**), the H Shares to be issued upon the exercise of the options granted under the **[REDACTED]** Share Option Scheme and the H Shares to be **[REDACTED]** from **[REDACTED]** Unlisted Shares, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the **[REDACTED]** of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our **[REDACTED]** regarding the relevant share certificates of the **[REDACTED]** H Shares; and (2) enabling the **[REDACTED]** H Shares to be accepted as eligible securities by **[REDACTED]** for deposit, clearance and settlement in the **[REDACTED]**.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, our Shares issued prior to the **[REDACTED]** shall not be transferred within one year from the **[REDACTED]**.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《境外上市公司非境外上市股份登記存管業務指南》), our Company is required to register and deposit our shares that are not listed on an overseas stock exchange with the China Securities Depositary and Clearing Corporation Limited.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting are required, see "Appendix V — Summary of Articles of Association."

The following discussion and analysis should be read in conjunction with our financial information included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS, which may differ in certain 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 contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our fiscal years ended December 31 of 2022, 2023 and 2024, respectively.

OVERVIEW

We are a leading provider of spatial positioning services in China powered by the BeiDou satellite navigation system. Headquartered in Shenzhen, China, we are a leading provider in navigation and positioning chip design, offering chips and modules that support BeiDou and major global GNSS systems, along with GNSS-related solutions. Our strengths lie in advanced chip-level dual-frequency high-precision positioning technology, low-power solutions, and highly integrated SoC design technology, giving us a significant competitive edge in the industry. In 2024, our shipments of GNSS chips and modules reached 16.1 million units, and according to the CIC Report, we are the sixth-largest global GNSS spatial positioning services provider and the second-largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of GNSS chips and modules, with a global market share of 4.8%. In 2024, we are the fourth-largest global GNSS spatial positioning services provider and the largest global GNSS spatial positioning services provider among all mainland Chinese companies in terms of shipment volume of dual-frequency high-precision RF baseband integrated GNSS chips and modules, with a global market share of 10.5%, according to the same source.

Our revenue decreased by 7.6% from RMB698.0 million in 2022 to RMB645.1 million in 2023. Our revenue increased by 30.2% from RMB645.1 million in 2023 to RMB840.3 million in 2024. In addition, our gross profit decreased by 18.8% from RMB83.7 million in 2022 to RMB67.9 million in 2023. Our gross profit increased by 20.7% from RMB67.9 million in 2023 to RMB82.0 million in 2024. In 2022, 2023 and 2024, our gross profit margin was 12.0%, 10.5% and 9.8%, respectively. We had a loss for the year of RMB92.6 million, RMB288.9 million and RMB141.3 million in 2022, 2023 and 2024, respectively. Our adjusted EBITDA (a non-IFRS measure), which was adjusted by (i) **[REDACTED]** expense, (ii) share-based payment expenses, (iii) income tax, (iv) depreciation and amortization, and (v) finance costs, was negative during the Track Record Period and amounted to RMB47.0 million, RMB235.5 million and RMB80.2 million in 2022, 2023 and 2024, respectively.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial performance are principally affected by the following factors:

Our ability to diversify product and solution offerings and expand our product mix

Our ability to offer diversified navigation and positioning products and solutions is one of the most important factors affecting our results of operations and financial condition. Our success depends on our ability to develop navigation and positioning products and solutions with high-performance and differentiated design that meet the evolving demand of our downstream customers in various application fields. We offer a comprehensive product portfolio that includes GNSS chips, modules and related solutions. Our product portfolio spans transportation, consumer electronics and environmental monitoring and early warning, supported by a complete and versatile chip lineup. To simplify customers' development process, we provide highly integrated module products featuring built-in GNSS SoC chip, LNA, and SAW components.

Our gross profit margin decreased from 12.0% in 2022 to 10.5% in 2023, and further decreased to 9.8% in 2024, primarily due to a decrease in gross profit margin from our GNSS chips, modules and related solutions business, which decreased from 36.0% in 2022 to 31.7% in 2023 and further decreased to 27.3% in 2024. Our product mix may fluctuate significantly in response to the technological changes in the industries and markets in which we operate, and the changes in market demand and market competition. If there are any significant changes in our product mix, our gross profit margin will be affected by the changes in gross profit margin attributable to each type of product. As a result, our financial condition and results of operations may be materially and adversely affected.

Continuous investment in R&D facilities and talents

We have built a comprehensive GNSS chip design platform integrating advanced chip design software, IP modules and design functionalities, with a focus on designing navigation and positioning chips. This platform comprehensively covers schematic editing, layout editing and simulation, the three most critical processes in IC design, which enables us with large-scale design capability. Empowered by this platform, we have effectively improved our product design efficiency and are able to supply downstream customers with quality products. To extend our technology leadership in the satellite navigation and positioning industry, we have made, and will continue to make, significant investments in upgrading our R&D capabilities and infrastructure. In 2022, 2023 and 2024, we incurred R&D expenses of RMB102.7 million, RMB109.8 million and RMB118.1 million, respectively. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business.

The growth of our business depends largely on our R&D talents. Development of GNSS chips and modules require excellent IC architecture design capabilities and sufficient experience along with a thorough, in-depth and systematic understanding of IC products and functionalities. We are supported by a robust R&D team of 117 dedicated employees located in Beijing, Shenzhen, Shanghai and Hong Kong as of December 31, 2024. We have 77 dedicated employees within the R&D team of GNSS chips and modules, many of whom are semiconductor engineers with profound expertise in technology and material innovation. With over 50% of them holding a master's degree or above and over 60% of them bringing over three years of tenure with us as of December 31, 2024. Members of our R&D team for GNSS chips and modules bring an average of more than approximately ten years of experience in the satellite navigation and positioning industry as of the same date. We also have a dedicated R&D team for our GNSS-related solutions, comprising 40 employees located in Shanghai as of December 31, 2024. We will continue to invest resources to attract and retain more talented R&D personnel and further improve our GNSS chip design platform.

Our ability to expand and efficiently manage our sales network

During the Track Record Period, our products were primarily sold through both direct sales and distribution in mainland China and overseas. Under our GNSS chips, modules and related solutions business line, we use a mix of distributorship model and direct sales model for GNSS chips and modules, while we only use direct sales model for our GNSS-related solutions. Under our comprehensive chips and modules business line, we only use direct sale model. Revenue derived from direct sales customers amounted to RMB662.7 million, RMB582.2 million and RMB760.2 million in 2022, 2023 and 2024, respectively, which accounted for 94.9%, 90.2% and

90.5% of our revenue for the same years, respectively. Under our direct sales model, we directly acquire new customers primarily through (i) customer referrals, (ii) attending activities, exhibitions and conferences, and (iii) direct marketing efforts.

In 2022, 2023 and 2024, our revenue generated from sales to distributors amounted to RMB35.3 million, RMB62.9 million and RMB80.1 million in 2022, 2023 and 2024, respectively, which accounted for 5.1%, 9.8% and 9.5% of our revenue for the same years, respectively. We consider a number of factors in selecting distributors, including their brand and reputation in the relevant industry, networks of downstream customers, warehousing and logistics capabilities, and overall business management and financial performance. As advised by CIC, our distributorship model is in line with industry norm. The distributors directly purchase products from us and are our customers, on-selling our products to their respective downstream customers. See "Business — Sales, Marketing and Distribution of Our Products — Our Distribution Channels."

We will continue to strengthen our relationship with existing direct sales customers and distributors and broaden our sales channels to attract new customers in targeted industries, thereby elevating sales efficiency. We will engage in early product introduction stage to collaborate with customers and understand their needs and market dynamics, expedite the design-in to design-win transition and boost orders, shipments and customer retention. We gain customers primarily by capitalizing on the robust brand reputation and substantial industry influence established through sustained, comprehensive and in-depth collaboration with top-tier companies across diverse application areas. Our ability to expand and efficiently manage our sales networks are crucial for our business development and results of operations. If we cannot expand our sales networks and unable to efficiently manage our sales network and maintain high-performing distributors, our business, financial condition and results of operation will be materially and adversely affected.

Our ability to maintain stable relationship with our major suppliers

During the Track Record Period, we established stable, strong and long-term cooperation with foundries, packaging and testing factories, and suppliers of products and raw material. Our ability to maintain long-term stable business relationship with these companies to provide us with quality and price competitive products and services on a timely basis is crucial for our business development and results of operations. Although we have entered into framework supply agreements with foundries, packaging and testing factories, and suppliers of products and raw material, we cannot assure you that the suppliers are not interrupted or delayed due to any circumstances and the terms of supply are acceptable to us. It will also take time to establish new or alternative supplier relationships to ensure a steady supply in a timely and cost-efficient manner.

In those circumstances, we may not be able to offer products and services demanded by our customers, or to offer them in sufficient quantities and at prices acceptable to them. As a result, our business, financial condition and results of operations will be materially and adversely affected.

Our ability to control costs and improve operational efficiency

Our expansion has resulted and will result in substantial demands on our management, operational, technological, financial and other resources. Our ability to control costs and manage working capital is key to our success. Our continued success also depends on our ability to leverage our scale to obtain more favorable terms, including better credit terms from foundries, packaging and testing factories, and suppliers of products and raw material. Our ability to gain better insight into inventory turnover and sales patterns, which allows us to better optimize our working capital, also affects our results of operations and financial condition.

General conditions affecting the industries in which we operate

Our results of operations are affected by general conditions that typically affect the market we compete in, primarily including:

- global demand for GNSS chips, modules and related solutions, communication baseband chips, storage chip modules and RF chips;
- the overall economic conditions especially in mainland China and Hong Kong;
- competition in the GNSS spatial positioning services market and IC market;
- the advancement in technologies relating to GNSS chips, modules and related solutions, communication baseband chips, storage chip modules and RF chips; and
- government regulations, policies and initiatives affecting our business and operations, particularly in mainland China and Hong Kong.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRSs. The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our 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 3 to the Accountants' Report included in Appendix I to this document. All IFRSs, which are effective beginning on January 1, 2024, have been consistently applied by us in the preparation of the historical financial information throughout the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified various accounting policies that are material to the preparation of our financial information, and the understanding of our financial condition and results of operations, details of which are disclosed in note 2 of the Accountants' Report in Appendix I to this document.

Our Directors are required to make judgements, estimates and assumptions that affect our application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on our 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.

The estimates and underlying assumptions are reviewed by our management on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods, details of which are disclosed in note 3 of the Accountants' Report in Appendix I to this document.

The following paragraphs discuss, among others, our critical accounting policies, estimates and judgements applied in preparing our financial information:

Revenue recognition

Income is classified by us as revenue when it arises from the sale of goods, the provision of services or the use by others of our assets under leases in the ordinary course of our business. We are the principal for our revenue transactions and recognize revenue on a gross basis. In determining whether we act as a principal or as an agent, we consider whether we obtain control of the products before they are transferred to the customers. Control refers to our ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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. For sale of goods, revenue is recognized when the customer takes possession of and accepts the products, and for rendering of services, revenue was recognized from project-based fees that are often paid upon achieving project milestones.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost 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 necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognized as cost of sales 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 cost of sales 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 cost of sales in the period in which the reversal occurs.

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 that consideration is due. Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses.

Share-based payments

We operate equity-settled share-based compensation plans, under which we receive services from directors and employees as consideration for equity instruments of our Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated statements of profit or loss.

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, we revise our estimates of the number of restricted shares that are expected to vest based on service condition. We recognize the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The grant by our Company of share incentive plan over our equity instruments to the employees of subsidiaries undertakings in our Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of our Company.

Property, plant and equipment

Our property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated 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 recognised 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, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

—	Ownership interests in buildings held for own use	20 years
—	Plant, machinery and equipment	3–5 years
—	Motor vehicles	5 years
—	Right-of-use assets	Over the shorter of the lease term or the estimated useful life of the asset

—	Leasehold improvement	Over the shorter of the lease term or the estimated useful life of the asset

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses.

Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation polices specified above.

No depreciation is provided in respect of construction in progress.

Intangible assets

Intangible assets that are acquired by our Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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 lives for the Track Record Period are as follows:

—	Software	1–10 years
—	Patents and trademarks	5–10 years
—	Unfinished orders	1 year
—	Customer Relationship	6 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if it can be demonstrated that the product or process is technically and commercially feasible and we have sufficient resources and the intention to complete development. Other development expenditure is recognized as an expense in the period in which it is incurred.

Goodwill

Goodwill arising on acquisition of businesses represents the excess of (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of our previously held equity interest in the acquiree; over (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date. When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash generating unit, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Impairment for non-current assets

At each reporting date, we review the carrying amounts of our non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit ("**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 amortization, if no impairment loss had been recognized.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our statements of profit or loss and other comprehensive income for the years indicated:

	For the year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	697,997	645,136	840,286
Cost of sales	(614,312)	(577,217)	(758,319)
Gross profit	83,685	67,919	81,967
Other net income	45,667	32,170	43,466
Selling and distribution expenses	(42,557)	(56,516)	(54,408)
Administrative expenses	(77,715)	(83,173)	(80,476)
Research and development costs	(102,711)	(109,783)	(118,111)
Reversal/(recognition) of impairment loss on trade and other receivables	834	(8,492)	(14,509)
Impairment loss on non-current assets	—	(128,872)	—
Loss from operations	(92,797)	(286,747)	(142,071)
Finance costs	(2,360)	(2,397)	(1,732)
Share of losses of an associate	(1,304)	—	—
Loss before taxation	(96,461)	(289,144)	(143,803)
Income tax	3,849	228	2,534
Loss for the year	(92,612)	(288,916)	(141,269)
Other comprehensive income for the year (after tax and reclassification adjustments)	17,078	3,163	4,171
Total comprehensive income for the year	(75,534)	(285,753)	(137,098)
Loss per share			
Basic and diluted (RMB)	(0.10)	(0.31)	(0.14)

NON-IFRS MEASURE

To supplement our historical financial information which are presented in accordance with IFRS, we use adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) 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 you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted loss (a non-IFRS measure) as loss for the year adjusted by certain items, including: (i) **[REDACTED]** expense and (ii) share-based payment.

We define adjusted EBITDA (a non-IFRS measure) as loss for the year adjusted by certain items, including: (i) **[REDACTED]** expense, (ii) share-based payment expenses, (iii) income tax, (iv) depreciation and amortization, and (v) finance costs.

The following table reconciles our loss for the year presented to adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure).

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of loss for the year and adjusted EBITDA (a non-IFRS measure)			
Loss for the year	(92,612)	(288,916)	(141,269)
Adjusted for:			
[REDACTED] expense	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share-based payment expenses	6,542	14,798	16,628
Adjusted loss (non-IFRS measure)	(86,070)	(274,118)	(119,742)
Adjusted for:			
Income tax	(3,849)	(228)	(2,534)
Depreciation and amortization	40,515	36,420	40,369
Finance costs	2,360	2,397	1,732
Adjusted EBITDA (non-IFRS measure)	(47,044)	(235,529)	(80,175)

Revenue

Revenue by Business Line

During the Track Record Period, we generated our revenue primarily from (i) our GNSS chips, modules and related solutions business; and (ii) our comprehensive chips and modules business. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
GNSS chips, modules and related solutions business	193,433	27.7	167,465	26.0	238,185	28.3
Comprehensive chips and modules business.	504,564	72.3	477,671	74.0	602,101	71.7
Total	697,997	100.0	645,136	100.0	840,286	100.0

GNSS chips, modules and related solutions business. Our revenue generated from sales of GNSS chips, modules and related solutions decreased by 13.4% from RMB193.4 million in 2022 to RMB167.5 million in 2023, primarily due to a decrease in revenue from sales of GNSS related solutions in 2023. Our revenue generated from sales of GNSS chips, modules and related solutions increased by 42.2% from RMB167.5 million in 2023 to RMB238.2 million in 2024, primarily due to (i) an increase in customer demand for GNSS chips and modules in 2024 and (ii) an increase in revenue from sales of GNSS related solutions.

Comprehensive chips and modules business. Our revenue generated from sales of comprehensive chips and modules business slightly decreased by 5.3% from RMB504.6 million in 2022 to RMB477.7 million in 2023, primarily due to a decrease in revenue from sales of storage chips in 2023. Our revenue generated from sales of comprehensive chips and modules business increased by 26.0% from RMB477.7 million in 2023 to RMB602.1 million in 2024, primarily due to an increase in revenue from sales of storage chips in 2024 and our further expansion of business line.

For details, see "— Discussion of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023" and "— Year Ended December 31, 2023 Compared to Year Ended December 31, 2022."

Revenue by Geographical location

During the Track Record Period, our revenue derived from mainland China and Hong Kong accounted for 99.1%, 99.2% and 99.5% in 2022, 2023 and 2024, respectively.

Cost of Sales

Our cost of sales consists primarily of (i) product and material costs; (ii) processing costs; (iii) labor costs; (iv) service costs; and (v) others. As we operate with a fabless model for our GNSS chips and modules business, we focus on the design process and entrust the third-party manufacturers to produce the semi-finished goods which will be assembled by us or third-party companies for our self-developed goods. We procure finished goods of communication baseband chips, storage chip modules, RF chips and certain other products from third party manufacturers and sell such chips and modules to downstream customers under our comprehensive chips and modules business. Our cost of sales decreased from 2022 to 2023, in line with the decrease in our overall revenue in the same year. Our cost of sales increased from 2023 to 2024, in line with the increase in our business growth in the same year.

The following table sets forth a breakdown of cost of sales by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
GNSS chips, modules and related solutions business	123,776	20.1	114,432	19.8	173,256	22.8
Comprehensive chips and modules business	490,536	79.9	462,785	80.2	585,063	77.2
Total	614,312	100.0	577,217	100.0	758,319	100.0

The following table sets forth a breakdown of cost of sales by nature for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Product and material costs	559,734	91.1	530,294	91.9	698,435	92.1
Processing costs	11,628	1.9	14,778	2.6	23,523	3.1
Labor costs	7,902	1.3	9,030	1.5	6,136	0.8
Service costs	18,827	3.1	15,911	2.8	25,071	3.3
Others[(1)]	16,221	2.6	7,204	1.2	5,154	0.7
Total	614,312	100.0	577,217	100.0	758,319	100.0

Note:

(1) Others mainly include IP costs, depreciation, provision for inventories and freight.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
GNSS chips, modules and related solutions business	69,657	36.0	53,033	31.7	64,929	27.3
Comprehensive chips and modules business	14,028	2.8	14,886	3.1	17,038	2.8
Total	83,685	12.0	67,919	10.5	81,967	9.8

Our gross profit and our gross profit margin are affected by various factors such as sales composition of different lines of products sold by the Group, competition within the industry, industry cycle, economic and political environment. We offer competitive selling prices to customers to react to the changes in the operating environment surrounded the Group.

For details, see "— Discussion of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023" and "— Year Ended December 31, 2023 Compared to Year Ended December 31, 2022."

Other Net Income

Other net income primarily consist of (i) government grants; (ii) interest income from bank deposits; (iii) investment income from wealth management banking products; (iv) gain on remeasurement of equity interests in the step acquisition of a subsidiary; (v) net (loss)/gain on disposal of property, plant and equipment; (vi) net foreign exchange gain/(loss); and (vii) others.

The following table sets forth a breakdown of our other net income for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants	19,498	13,157	27,843
Interest income from bank deposits	10,628	13,231	11,079
Investment income from wealth management banking products	5,762	7,203	6,396
Gain on remeasurement of equity interests in the step acquisition of a subsidiary	8,804	—	—
Net (loss)/gain on disposal of property, plant and equipment	(194)	(89)	109
Net foreign exchange gain/(loss)	307	(1,196)	(2,360)
Others	862	(136)	399
Total	45,667	32,170	43,466

Our government grants primarily include industry-specific subsidies granted by the local government authorities in China to encourage R&D projects. The establishment of the incentive programs and grant of such subsidies are subject to the government's discretion and the receipt of such subsidies is thus unpredictable. There are no unfulfilled conditions relating to such government grants recognized. Our government grants that were non-recurring in nature caused the fluctuations in the amount of other income. Our government grants decreased from RMB19.5 million in 2022 to RMB13.2 million in 2023, primarily due to a decrease in local government grants for R&D and scale application projects of GNSS chips and modules that can meet certain criteria in 2023. Our government grants increased from RMB13.2 million in 2023 to RMB27.8 million in 2024, primarily due to the completion and acceptance of several government funded R&D projects.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) staff expenses such as salaries and wages, retirement benefits, share-based payments and staff welfare of our sales and marketing personnel; (ii) depreciation of property, plant and equipment and depreciation of right-of-use assets in connection with our leased offices and amortization of intangible assets in relation to software licenses purchased for daily office use; (iii) office expenses such as general office expenses, rental and utilities expenses, and property management fees; (iv) hospitality and travelling expenses for sales and marketing purposes; (v) marketing and promotion expenses for our marketing activities such as organizing and attending exhibitions, industry seminars and conferences; and (vi) others.

The following table sets forth the components of our selling and distribution expenses for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Staff expenses	26,102	33,293	34,878
Depreciation and amortization	5,755	6,881	7,034
Office expenses	2,648	1,533	961
Hospitality and travelling expenses	2,490	5,236	4,978
Marketing and promotion expenses	3,915	6,932	3,847
Others[(1)]	1,647	2,641	2,710
Total	42,557	56,516	54,408

Note:

(1) Others mainly include insurance expenses, after-sales service fees and product maintenance fees.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff expenses such as salaries and wages, retirement benefits, share-based payments and staff welfare of our administrative personnel; (ii) office expenses such as general office expenses, rental and utilities expenses, and property management fees; (iii) depreciation of property, plant and equipment, depreciation of right-of-use assets in connection with our leased offices and amortization of intangible assets in relation to software licenses purchased for daily office use; (iv) professional service expenses such as accounting service fees and legal fees; (v) hospitality and travelling expenses; (vi) **[REDACTED]** expenses; and (vii) others.

The following table sets forth a breakdown of the components of our administrative expenses for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Staff expenses	50,353	54,886	51,963
Office expenses	7,035	5,050	3,838
Depreciation and amortization	6,470	9,158	10,756
Professional service expenses	8,154	7,060	3,110
Hospitality and travelling expenses	2,674	3,928	2,832
[REDACTED] expense	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others[(1)]	3,029	3,091	3,078
Total	77,715	83,173	80,476

Note:

(1) Others mainly include remuneration of independent non-executive directors, disability protection fund, service fees and tax and surcharges.

R&D Expenses

Our R&D expenses primarily consist of (i) staff expenses such as salaries and wages, retirement benefits, share-based payment and staff welfare of our R&D personnel; (ii) depreciation of property, plant and equipment, depreciation of right-of-use assets in connection with our leased offices and amortization of intangible assets in relation to software or systems purchased for R&D activities; (iii) material and testing fees in relation to our R&D activities; (iv) R&D outsourcing fees to third-party R&D companies for the design of chips; and (v) others.

The following table sets forth a breakdown of the components of our R&D expenses for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Staff expenses	70,997	76,378	75,198
Depreciation and amortization	16,052	18,039	21,508
Material and testing fees	6,626	5,692	9,287
R&D outsourcing fees	4,244	4,972	7,567
Others[(1)]	4,792	4,702	4,551
Total	102,711	109,783	118,111

Note:

(1) Others mainly include IP expenses office expenses such as general office expenses, utilities expenses, and property management fees, and travelling expenses incurred by R&D personnel for R&D purposes.

During the Track Record Period, we continuously increased our investment in R&D. In 2022, 2023 and 2024, our R&D expenses were RMB102.7 million, RMB109.8 million and RMB118.1 million, respectively, accounting for 14.7%, 17.0% and 14.1% of our revenue for the same years, respectively.

During the Track Record Period, our R&D expenses were mainly invested in the development of GNSS chips and modules. The R&D expenses primarily consisted of salaries and welfare of our R&D staff, which accounted for more than 60% of our total R&D expenses in each year comprising the Track Record Period.

Reversal/(recognition) of impairment loss on trade and other receivables

Our impairment loss on trade and other receivables, net of reversals, were recognized as provisions for accounts receivable and other receivables under the expected credit loss model. The provision amount was determined based on the year-end balances. See note 27(a) to the Accountants' Report in Appendix I to this document for details.

Impairment Loss on Non-current Assets

Our impairment loss on non-current assets represented impairment of goodwill arising from the Medo Acquisition as the recoverable amount of Medo's CGU was assessed to be less than the carrying amount. We recorded impairment loss on non-current assets of nil, RMB128.9 million and nil in 2022, 2023 and 2024, respectively. See note 13 to the Accountants' Report in Appendix I to this document for details regarding our impairment loss on goodwill in connection with the Medo Acquisition.

Finance Costs

Our finance costs primarily consist of (i) interest on bank loans and other borrowing, which mainly include interest on short-term bank loans and other borrowing; and (ii) interest on lease liabilities. The following table sets forth a breakdown of the components of our finance costs for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on			
— bank loans and other borrowing	1,475	1,331	844
— lease liabilities	885	1,066	888
Total	2,360	2,397	1,732

Share of Losses of an Associate

We recorded share of losses of an associate of RMB1.3 million in 2022 due to the losses registered by Medo in 2022, which was the only associate we had before the Medo Acquisition.

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. We recorded income tax credit of RMB3.8 million, RMB0.2 million and RMB2.5 million in 2022, 2023 and 2024, respectively. Our principal applicable taxes and tax rates are as follows:

PRC

The income tax provision of the Company has been calculated at the tax rate of 25% on the taxable income during the Track Record Period in accordance with the EIT Law. We were entitled to preferential tax rate, additional deduction on R&D expenses and deduction on equipment newly purchased as explained below.

According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. We obtained the certificate of high-technology enterprise on December 23, 2021 and was subject to income tax rate at 15% for a three-year period from 2021 to 2023. We renewed the certificate of high-technology enterprise on December 26, 2024 and are subject to income tax rate at 15% for a three-year period from 2024 to 2026. During the Track Record Period, we did not have any taxable income. According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era, from the year that we have taxable income, we can enjoy the exemption from EIT for the first two years and a half reduced rate on statutory rate for the following three years.

According to the Circular on Improving the Policy on Super-deduction of R&D Expenses (《關於完善研究開發費用稅前加計扣除政策的通知》) promulgated by the STA, the MOF and the MOST, effective from January 1, 2016 onwards, enterprises carrying out R&D activities are entitled to claim super-deduction of R&D expenses amounting to 50% of its R&D expenses in determining its tax assessable profits for the year. The ratio of the super-deduction of R&D expenses increased from 50% to 75%, effective from January 1, 2018 to December 31, 2020, according to the new tax incentives policy, the Notice of Increasing the Ratio of the Super-deduction of R&D Expenses (《關於提高研究開發費用稅前加計扣除比例的通知》) promulgated by the STA, the MOF and the MOST in September 2018. The applicable period of this policy was subsequently extended to December 31, 2023, pursuant to the Announcement of the MOF and the STA on Extending the Implementation Period of Some Preferential Tax Policies (《財政部稅務總局關於延長部分稅收優惠政策執行期限的公告》) issued on March 15, 2021. The ratio of the super-deduction of R&D expenses has been further increased to 100% for enterprises entitled to 75% super-deduction of R&D expenses during the period from October 1, 2022 to June 30, 2023, and such enterprises are allowed to deduct the full amount of equipment and appliances newly purchased during the period from October 1, 2022 to June 30, 2023 from the taxable income amount on a one-off basis in the current year, according to the Announcement on Increasing Super-deduction in Support of Scientific and Technological Innovation (《關於加大支持科技創新稅前扣除力度的公告》) promulgated by the STA, the MOF and the MOST in September 2022. According to the Announcement of the MOF and the STA on Further Improving the Pre-tax Deduction Policy for R&D Expenses (2023) (《財政部稅務總局關於進一步完善研發費用稅前加計扣除政策的公告(2023)》), where R&D expenses actually incurred by an enterprise when it conducts any R&D activity have not been included in the current profit and loss, from January 1, 2023 onwards, 100% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in this year, and where intangible assets have been formed, 200% of the costs of the intangible assets shall be amortized before tax. We have claimed super-deduction of R&D expenses upon above mentioned regulations in ascertaining our tax assessable profits for the Track Record Period.

Hong Kong

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to Hong Kong subsidiaries of the Group in any year of assessment commencing on or after 1 April 2018. Under the two-tiered Profits tax rates regime, the first HK$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

DISCUSSION OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our overall revenue increased by 30.2% from RMB645.1 million in 2023 to RMB840.3 million in 2024.

GNSS chips, modules and related solutions business. Our revenue generated from sales of GNSS chips, modules and related solutions increased by 42.2% from RMB167.5 million in 2023 to RMB238.2 million in 2024, primarily due to an increase in customer demand for GNSS chips and modules in 2024, from downstream customers primarily from consumer electronics and transportation, and related monitoring solutions and smart water conservancy solutions.

Comprehensive chips and modules business. Our revenue generated from sales of comprehensive chips and modules business increased by 26.0% from RMB477.7 million in 2023 to RMB602.1 million in 2024, primarily due to an increase in revenue from sales of storage chips in line with its upward industry cycle in 2024 and our expansion of business line through collaboration with additional comprehensive chips and modules manufacturers.

Cost of Sales

Our cost of sales increased by 31.4% from RMB577.2 million in 2023 to RMB758.3 million in 2024, primarily due to an increase in product and material costs in line with our business growth.

Gross Profit and Gross Profit Margin

Our overall gross profit increased by 20.7% from RMB67.9 million in 2023 to RMB82.0 million in 2024 and our overall gross profit margin decreased from 10.5% in 2023 to 9.8% in 2024.

GNSS chips, modules and related solutions business. Our gross profit from sales of GNSS chips, modules and related solutions increased by 22.4% from RMB53.0 million in 2023 to RMB64.9 million in 2024, primarily due to the increase in revenue in this business as discussed above. Our gross profit margin from sales of GNSS chips, modules and related solutions decreased from 31.7% in 2023 to 27.3% in 2024 due to the following factors: (i) a decrease in gross profit margin from sales of high-precision and standard-precision modules as we further lowered our selling price of such products to attract customers and (ii) an increase in revenue contribution from the sales of positioning monitoring equipment, which had a relatively low gross profit margin.

Comprehensive chips and modules business. Our gross profit from sales of comprehensive chips and modules increased by 14.5% from RMB14.9 million in 2023 to RMB17.0 million in 2024, primarily due to an increase in revenue from sales of storage chips in line with its upward industry cycle in 2024. Our gross profit margin from sales of comprehensive chips and modules remained stable.

Other Net Income

Our other net income increased from RMB32.2 million in 2023 to RMB43.5 million in 2024, primarily due to an increase in government grants resulting from the completion and acceptance of several government funded R&D projects in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB56.5 million and RMB54.4 million in 2023 and 2024. The proportion of selling and distribution expenses as a percentage of our revenue decreased from 8.8% in 2023 to 6.5% in 2024, reflecting our more effective marketing efforts.

Administrative Expenses

Our administrative expenses decreased by 3.2% from RMB83.2 million in 2023 to RMB80.5 million in 2024, primarily due to a decrease in (i) staff expenses of RMB2.9 million mainly caused by a reduction in share-based payment relating to the restricted shares granted to administrative personnel, (ii) office expenses by RMB1.2 million and (iii) hospitality and travelling expenses by RMB1.1 million, which was partly offset by an increase of RMB1.6 million in depreciation and amortization. Our administrative expenses as a percentage of revenue decreased from 12.9% in 2023 to 9.6% in 2024.

R&D Expenses

Our R&D expenses increased by 7.6% from RMB109.8 million in 2023 to RMB118.1 million in 2024, primarily due to an increase in (i) material and testing fees by RMB3.6 million, resulting from more R&D activities conducted in 2024, (ii) depreciation and amortization by RMB3.5 million, and (iii) R&D outsourcing fees by RMB2.6 million for part of our outsourcing of chip development and design in 2024.

Our R&D expenses as a percentage of revenue decreased from 17.0% in 2023 to 14.1% in 2024, primarily due to an increase in our total revenue from 2023 to 2024, which outweighed the increase in our R&D expenses for the same period.

Reversal/(recognition) of impairment loss on trade and other receivables

Our impairment loss on trade and other receivables, net of reversals, increased from RMB8.5 million in 2023 to RMB14.5 million in 2024, which was in line with the growth of accounts receivable for GNSS related solutions business, reflecting an increase in expected credit losses.

Impairment Loss on Non-current Assets

We did not record impairment loss on non-current assets in 2024.

Finance Costs

Our finance costs decreased by 27.7% from RMB2.4 million in 2023 to RMB1.7 million in 2024, primarily due to a decrease in (i) interest expenses on bank loans and other borrowing by RMB0.5 million driven by the reduced balance of bank loans and other borrowing, and (ii) interest on lease liabilities by RMB0.2 million due to payment of lease liabilities.

Share of Losses of an Associate

Since the completion of Medo Acquisition, we have no associate in 2023 and 2024.

Income Tax

Our income tax credit was RMB0.2 million in 2023 and RMB2.5 million in 2024.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB288.9 million in 2023 and RMB141.3 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our overall revenue decreased by 7.6% from RMB698.0 million in 2022 to RMB645.1 million in 2023.

GNSS chips, modules and related solutions business. Our revenue generated from sales of GNSS chips, modules and related solutions decreased by 13.4% from RMB193.4 million in 2022 to RMB167.5 million in 2023, primarily caused by semi-conductor industry downturn and a decrease in revenue from sales of GNSS related solutions in 2023 as a result of the decrease of government infrastructure projects.

Comprehensive chips and modules business. Our revenue generated from sales of comprehensive chips and modules business slightly decreased by 5.3% from RMB504.6 million in 2022 to RMB477.7 million in 2023, primarily due to a decrease in revenue from sales of storage chips which experienced a decrease in its selling price in 2023 resulting from its downward industry cycle in 2023.

Cost of Sales

Our cost of sales decreased by 6.0% from RMB614.3 million in 2022 to RMB577.2 million in 2023, primarily due to a decrease in product and material as we purchased less finished goods due to a decline in market demand for storage chip and a decrease in depreciation and amortisation of RMB9.9 million as a result of full amortisation of intangible assets relating to customer orders of Medo after Medco Acquisition, partially offset by an increase in manufacturing costs of RMB3.2 million as a result of the increase in the production volume of GNSS chips and modules at the foundry.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by 18.8% from RMB83.7 million in 2022 to RMB67.9 million in 2023 and our overall gross profit margin decreased from 12.0% in 2022 to 10.5% in 2023.

GNSS chips, modules and related solutions business. Our gross profit from sales of GNSS chips, modules and related solutions decreased by 23.9% from RMB69.7 million in 2022 to RMB53.0 million in 2023, primarily due to the decrease in revenue in this business as discussed above. Our gross profit margin from sales of GNSS chips, modules and related solutions decreased from 36.0% in 2022 to 31.7% in 2023 due to the following factors: (i) a decrease in gross profit margin from sales of high-precision and standard-precision chips and modules as we have lowered our selling price of such products to attract customers and (ii) a decrease in the profit margin of the GNSS related solutions in light of the industry downturn.

Comprehensive chips and modules business. Our gross profit from sales of comprehensive chips and modules increased from RMB14.0 million in 2022 to RMB14.9 million in 2023 due to the increase in revenue as discussed above. Our gross profit margin from sales of comprehensive chips and modules remained stable at a range between 2.8% to 3.1%.

Other Net Income

Our other net income decreased by 29.6% from RMB45.7 million in 2022 to RMB32.2 million in 2023, primarily due to a decrease in local government grants related to income for R&D and scale application projects of chips and modules that meet certain criteria in 2023 and the one-off gain on remeasurement of equity interests of RMB8.8 million was recognised as a result of the step acquisition of Medo in 2022.

Share of Losses of an Associate

We recorded share of losses of Medo, our only associate at the relevant time, of RMB1.3 million in 2022. Since the Medo Acquisition, we have no associate in 2023.

Selling and distribution Expenses

Our selling and distribution expenses increased by 32.8% from RMB42.6 million in 2022 to RMB56.5 million in 2023, primarily due to (i) an increase in staff expenses by RMB7.2 million as a result of an increase in sales and marketing personnel headcount; (ii) an increase in marketing and promotion expenses by RMB3.0 million and an increase in hospitality and travelling expenses by RMB2.7 million, as a result of our enhanced customer acquisition efforts. The proportion of selling and distribution expenses as a percentage of our revenue increased from 6.1% in 2022 to 8.8% in 2023, reflecting our enhanced efforts to retain and attract customers.

Administrative Expenses

Our administrative expenses increased by 7.0% from RMB77.7 million in 2022 to RMB83.2 million in 2023, primarily due to (i) an increase of staff expenses of RMB4.5 million mainly caused by an increase in share-based payment relating to the grant of restricted shares to administrative personnel. Our administrative expenses as a percentage of revenue increased from 11.1% in 2022 to 12.9% in 2023.

R&D Expenses

Our R&D expenses increased by 6.9% from RMB102.7 million in 2022 to RMB109.8 million in 2023, primarily due to (i) an increase in staff expenses by RMB5.4 million primarily due to an increase in R&D personnel headcount as we invested in more R&D activities in 2023; and (ii) an increase in depreciation and amortization by RMB2.0 million.

Our R&D expenses as a percentage of revenue increased from 14.7% in 2022 to 17.0% in 2023, mainly because we conducted more R&D activities in 2023.

Reversal/(recognition) of impairment loss on trade and other receivables

Our impairment loss on trade and other receivables, net of reversals, recorded a reversal of RMB 0.8 million in 2022 as compared with the recognition of impairment loss of RMB8.5 million, which was in line with the growth of accounts receivable primarily in GNSS related solutions business, reflecting an increase in expected credit losses.

Impairment Loss on Non-current Assets

We recorded impairment loss on non-current assets of RMB128.9 million in 2023, primarily due to the impairment loss on goodwill of Medo in 2023 as the recoverable amount of Medo's CGU was assessed to be less than the carrying amount, which was a one-off event during the Track Record Period.

Finance Costs

Our finance costs remained stable at RMB2.4 million in 2022 and 2023, respectively.

Income Tax

Our income tax credit was RMB3.8 million in 2022 and RMB0.2 million in 2023.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB92.6 million in 2022 and RMB288.9 million in 2023.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our capital expenditure and working capital requirements primarily through capital contributions by **[REDACTED]** investors, cash generated from investing activities, bank loans and other borrowing. In the future, we expect to continue relying on **[REDACTED]** from the **[REDACTED]**, and other bank loans and borrowing to fund our working capital needs.

Cash Flows

The following table sets forth a summary of our cash flow statements for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash used in operating activities	(79,678)	(107,208)	(141,241)
Net cash generated from/(used in) investing activities	33,904	(14,408)	(4,377)
Net cash generated from/(used in) financing activities	320,268	(3,369)	(2,007)
Net increase/(decrease) in cash and cash equivalents	274,494	(124,985)	(147,625)
Cash and cash equivalents at January 1	553,923	831,300	712,778
Effect of foreign exchange rates changes	2,883	6,463	6,425
Cash and cash equivalents at December 31	831,300	712,778	571,578

We had net cash outflow from operating activities for the years ended December 31, 2022, 2023 and 2024. In order to better manage our net operating cash position, we have adopted more stringent internal control measures to manage our working capital.

Net Cash Used in Operating Activities

In 2024, our net cash used in operating activities was RMB141.2 million, primarily due to our loss before tax of RMB143.8 million, as adjusted by (i) non-cash and non-operating items, which primarily included depreciation of RMB24.3 million, equity-settled share-based payment of RMB16.6 million, amortization of intangible assets of RMB16.1 million, interest income of RMB11.1 million, and recognition of impairment loss on trade receivables and other receivables of RMB14.5 million; and (ii) changes in working capital, which primarily included (a) an increase in trade and other receivables of RMB138.0 million; (b) an increase of RMB36.3 million in trade and other payables; (c) an increase in contract liabilities of RMB34.5 million; and (d) a decrease in inventories and contract costs of RMB25.7 million.

In 2023, our net cash used in operating activities was RMB107.2 million, primarily due to our loss before tax of RMB289.1 million, as adjusted by (i) non-cash and non-operating items, which primarily included impairment loss on non-current assets of RMB128.9 million, equity-settled share-based payment expenses of RMB14.8 million, depreciation of RMB22.2 million, amortization of intangible assets of RMB14.2 million, interest income of RMB13.2 million, and recognition of impairment loss on trade and other receivables of RMB8.5 million; and (ii) changes in working capital, which primarily included (a) an increase of RMB13.6 million in contract liabilities; (b) an increase of RMB3.0 million in inventories and contract costs and (c) an increase of RMB2.8 million in trade and other payables.

In 2022, our net cash used in operating activities was RMB79.7 million, primarily due to our loss before tax of RMB96.5 million, as adjusted by (i) non-cash and non-operating items, which primarily included amortization of intangible assets of RMB22.1 million, depreciation of RMB18.4 million, interest income of RMB10.6 million, gain on remeasurement of equity interests in the step acquisition of Medo of RMB8.8 million and equity-settled share-based payment expenses of RMB6.5 million; and (ii) changes in working capital, which primarily included (a) an increase of RMB11.9 million in deferred income; (b) a decrease of RMB8.6 million in trade and other payables and (c) an increase of RMB8.1 million in inventories and contract costs.

Net Cash (Used in)/Generated from Investing Activities

In 2024, our net cash used in investing activities was RMB4.4 million, primarily due to (i) payment for the purchase of wealth management products of RMB1,225.0 million; and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB17.2 million, partially offset by proceeds from redemption of wealth management products of RMB1,237.8 million.

In 2023, our net cash used in investing activities was RMB14.4 million, primarily due to (i) payments for the purchase of wealth management products of RMB1,500.0 million; and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB29.4 million, partially offset by proceeds from redemption of wealth management products of RMB1,514.4 million.

In 2022, our net cash generated from investing activities was RMB33.9 million, primarily due to proceeds from redemption of wealth management products of RMB2,561.7 million, partially offset by (i) payments for the purchase of wealth management products of RMB2,459.7 million; (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB41.4 million; and (iii) net cash outflow arising from the acquisition of subsidiary of RMB26.8 million.

Net Cash Generated from/(Used in) Financing Activities

In 2024, our net cash used in financing activities was RMB2.0 million, primarily due to (i) repayments of bank loans and other borrowing of RMB41.9 million; and (ii) capital element of lease rentals paid of RMB10.8 million, partially offset by proceeds from additional bank loans and other borrowing of RMB36.0 million and a release of letter of credit of RMB14.7 million.

In 2023, our net cash used in financing activities was RMB3.4 million, primarily due to (i) repayments of bank loans and other borrowing of RMB29.9 million; and (ii) capital element of lease rentals paid of RMB8.8 million, partially offset by proceeds from additional bank loans and other borrowing of RMB36.9 million.

In 2022, our net cash generated from financing activities was RMB320.3 million, primarily due to (i) proceeds from capital subscriptions of RMB335.9 million from **[REDACTED]** investors; (ii) release of guarantee deposits of bank loans of RMB83.0 million and (iii) proceeds from bank loans and other borrowing of RMB38.9 million, partially offset by (a) repayments of bank loans and other borrowing of RMB115.9 million; and (b) the payment for acquisition of non-controlling interests of RMB11.6 million.

Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the respective dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets				
Inventories and contract costs	93,359	96,663	70,928	86,388
Contract assets	1,960	812	811	899
Other investments	—	—	—	242,000
Trade and other receivables	226,773	218,580	341,058	348,607
Restricted cash	1,934	1,455	12,460	1,091
Cash and cash equivalents	831,300	712,778	571,578	336,741
Other current assets	2,846	5,455	6,535	8,153
Total current assets	1,158,172	1,035,743	1,003,370	1,023,879
Current liabilities				
Trade and other payables	90,554	92,882	136,350	156,995
Contract liabilities	9,038	25,502	61,041	44,694
Bank Loans and Other Borrowing	29,922	36,941	45,755	80,207
Lease liabilities	4,558	10,911	11,347	7,057
Current taxation	1,444	84	21	20
Provisions	1,003	1,304	1,553	1,552
Total current liabilities	136,519	167,624	256,067	290,525
Net current assets	1,021,653	868,119	747,303	733,354

Net current assets

Our net current assets decreased from RMB1,021.7 million as of December 31, 2022 to RMB868.1 million as of December 31, 2023, primarily due to (i) a decrease of RMB118.5 million in cash and cash equivalents; (ii) an increase of RMB16.5 million in contract liabilities; (iii) a decrease of RMB8.2 million in trade and other receivables; (iv) an increase of RMB7.0 million in bank loans and other borrowing; and (v) an increase of RMB6.4 million in lease liabilities. This was partially offset by (i) an increase of RMB3.3 million in inventories and contract costs; and (ii) an increase of RMB2.6 million in other current assets.

Our net current assets decreased from RMB868.1 million as of December 31, 2023 to RMB747.3 million as of December 31, 2024, primarily due to (i) a decrease of RMB141.2 million in cash and cash equivalents; (ii) an increase of RMB43.5 million in trade and other payables; (iii) an increase of RMB35.5 million in contract liabilities; and (iv) a decrease of RMB25.7 million in inventories and contract costs. This was partially offset by (i) an increase of RMB122.5 million in trade and other receivables; and (ii) an increase of RMB11.0 million in restricted cash.

Our net current assets slightly decreased from RMB747.3 million as of December 31, 2024 to RMB733.4 million as of April 30, 2025, primarily due to (i) a decrease of RMB234.8 million in cash and cash equivalents; (ii) an increase of RMB34.5 million in bank loans and other borrowing; and (iii) an increase of RMB20.6 million in trade and other payables. This was partially offset by (i) an increase of RMB242.0 million in other investments regarding wealth management banking products; (ii) increase of RMB15.5 million in inventories and contract costs; and (iii) a decrease of RMB16.3 million in contract liabilities.

DISCUSSION OF CERTAIN ITEMS OF STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) ownership interests and buildings held for own use; (ii) properties leased for own use; (iii) plant, machinery and equipment; (iv) motor vehicles; and (v) leasehold improvement. The following table sets forth the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Ownership interests in buildings held for own use	39,681	37,663	35,645
Properties leased for own use	16,521	26,379	15,009
Plant, machinery and equipment	17,881	23,666	31,319
Motor Vehicles	854	549	321
Leasehold improvement	3,757	2,534	609
Total	78,694	90,791	82,903

Our property, plant and equipment increased from RMB78.7 million as of December 31, 2022 to RMB90.8 million as of December 31, 2023, primarily due to (i) additions of properties leased for own use of RMB20.1 million; and (ii) additions of plant, machinery and equipment of RMB14.6 million, partially offset by the depreciation charge of RMB22.2 million for the year.

Our property, plant and equipment decreased from RMB90.8 million as of December 31, 2023 to RMB82.9 million as of December 31, 2024, primarily due to the depreciation charge of RMB24.3 million for the year, partially offset by additions of plant, machinery and equipment of RMB16.9 million.

Intangible Assets

Our intangible assets represent carrying amounts of (i) software; (ii) patents and trademarks; (iii) unfinished orders; and (iv) customer relationship. The following table sets forth the net carrying amount of our intangible assets as of the dates indicated:

	As of December 31		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Software	21,274	17,567	19,997
Patents and trademarks	20,136	14,828	9,520
Unfinished orders	858	—	—
Customer relationship	22,028	17,695	13,362
	64,296	50,090	42,879

Our intangible assets decreased from RMB64.3 million as of December 31, 2022 to RMB50.1 million as of December 31, 2023. This is mainly due to an annual amortization charged during the year of RMB14.2 million.

Our intangible assets decreased from RMB50.1 million as of December 31, 2023 to RMB42.9 million as of December 31, 2024. This is mainly due to an annual amortization charged during the year of RMB16.1 million; which is partly offset by the addition of software of RMB8.9 million.

Goodwill

Our goodwill decreased from RMB210.0 million as of December 31, 2022 to RMB81.2 million as of December 31, 2023. This is mainly due to the impairment loss of goodwill of Medo in 2023 as the recoverable amount of Medo's CGU was assessed to be less than the carrying amount.

Our goodwill remained stable at RMB81.2 million as of December 31, 2023 and December 31, 2024.

Inventories and Contract Costs

Our inventories and contract costs primarily consist of inventories, which are further divided into (i) raw materials, primarily including untested foundry-manufactured wafers, capacitors, resistors, and printed circuit boards; (ii) work-in-progress; and (iii) finished goods, primarily including GNSS chips and modules, and contract costs. Our raw materials are transferred to work-in-progress after the packaging process, and then transferred to finished goods after the chip probing process, which typically completed within two months. Our inventories and contract costs remained stable in 2022 and 2023. Our inventories and contract costs decreased from RMB96.7 million as of December 31, 2023 to RMB70.9 million as of December 31, 2024, primarily attributable to (i) a decrease of RMB6.1 million in raw materials; (ii) a decrease of RMB5.7 million in work in progress and (iii) a decrease of RMB15.3 million in finished goods, as a result of (i) our optimization of the raw material procurement process for module products and (ii) higher-than-expected sales of chips and modules that led to a reduction in inventories of wafers and work in progress.

The following table sets forth our inventories and contract costs as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
Raw materials	19,305	14,806	8,718
Work-in-progress	27,063	19,247	13,514
Finished goods	42,647	58,773	43,464
Subtotal	89,015	92,826	65,696
Contract costs	4,344	3,837	5,232
Total	93,359	96,663	70,928

The following table sets forth the aging analysis of our inventory as of December 31, 2022, 2023 and 2024:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials			
Within one year	17,462	10,646	7,148
Over one year	2,022	4,179	1,612
	19,484	14,825	8,760
Work-in-progress			
Within one year	27,374	19,277	13,613
Over one year	—	—	—
	27,374	19,277	13,613
Finished goods			
Within one year	38,288	52,748	37,537
Over one year	5,009	6,133	6,019
	43,297	58,881	43,556
Contract costs	4,344	3,837	5,232
Less: Provision for inventories	(1,140)	(157)	(233)
Total	93,359	96,663	70,928

There was no material recoverability issue for our inventories as of the end of each year during the Track Record Period for the following reasons: (i) a substantial portion of the inventories as of December 31, 2022, 2023 and 2024 were aged less than one year and were subsequently consumed or sold in one year; and (ii) during the Track Record Period, we had not encountered any material impairment loss that have materially and adversely affected our business operations caused by slow-moving inventories. In 2022, 2023 and 2024, our provision for inventories was RMB1.1 million, RMB0.2 million and RMB0.2 million, respectively. Our Directors consider sufficient provision for inventories had been made.

The following table sets forth the number of our inventory turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days[1]	45	60	40

Note:

(1) Inventory turnover days were calculated based on the average of opening and closing inventory balance divided by cost of sales for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.

Our inventory turnover days increased from 45 days in 2022 to 60 days in 2023, primarily resulting from a longer pick-up cycle from our customers affected by the industry downturn in 2023. Our inventory turnover days decreased from 60 days in 2023 to 40 days in 2024, primarily because we strengthened our inventory management through adoption of a sale-based production strategy to keep an appropriate inventory level.

As of April 30, 2025, RMB51.7 million, or 72.6% of our gross inventories (before provision) as of December 31, 2024 had been subsequently consumed or sold.

Trade and Other Receivables

During the Track Record Period, our trade and other receivables primarily represent receivables from customers. The credit period granted to our customers was generally 0 to 90 days from the date of invoice. The following table sets forth our trade and other receivables, as of the dates indicated:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance			
— Third parties	188,769	184,059	206,470
— Related party	—	—	15,863
Bills receivables	802	8,886	17,650
Prepayment for purchase of products, raw materials and service	35,042	23,332	95,552
Other receivables	2,160	2,303	5,523
	226,773	218,580	341,058

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Guarantee deposits	8,380	8,696	8,610
Rental deposits	2,447	2,801	2,848
Prepayment for purchase of plant, property and equipment	379	14,438	490
	11,206	25,935	11,948
Total	237,979	244,515	353,006

Our trade and other receivables increased from RMB238.0 million as of December 31, 2022 to RMB244.5 million as of December 31, 2023, primarily due to an increase of RMB14.1 million in prepayment for purchase of plant, property and equipment. Our trade and other receivables further increased from RMB244.5 million as of December 31, 2023 to RMB353.0 million as of December 31, 2024, primarily due to an increase of RMB58.3 million in prepayment for purchase of products, raw materials and service which is generally in line with our business growth.

The following table sets forth an aging analysis of our trade receivables at the end of each year of the Track Record Period, based on the invoice dates and net of loss allowance:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within one year	179,854	157,488	185,531
One to two years	7,118	24,256	29,696
Two to three years	1,797	2,315	7,106
Total	188,769	184,059	222,333

We generally recovered trade receivables within one year. Our trade receivables aged one to two years increased significantly as of December 31, 2023, which was primarily related to the extended payment period for certain customers of our GNSS chips, modules and related solutions business. We seek to maintain strict control over our trade receivables and overdue balances are reviewed monthly by senior management. There was no material recoverability issue for our trade receivables as of the end of each year during the Track Record Period. 83.4% of our outstanding trade receivables as of December 31, 2024 aged less than one year and our trade receivables shall be generally settled within one year, which were in line with our credit terms granted. As of April 30, 2025, 64.3% of our gross trade receivables (before loss allowance) as of December 31, 2024 had been subsequently settled. In 2022, 2023 and 2024, our loss allowance was RMB3.6 million, RMB11.9 million and RMB25.9 million, respectively. Our Directors consider sufficient provision for impairment of trade receivables had been made.

Our management determines the loss allowance for expected credit losses on trade and other receivables based on ECL. ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. Our management reassesses the loss allowance at the end of each Track Record Period. During the Track Record Period, the GNSS chips, modules and related solutions market in China was experiencing rapid growth. There were no material change in late payment and default risk as well as forward-looking factors throughout the Track Record Period. As a result, our ECL rates remained stable throughout the Track Record Period.

The table below sets forth the turnover days of our trade receivables for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days[(1)]	95	105	88

Note:

(1) Trade receivables turnover days were calculated based on the average of opening and closing trade receivables balance divided by revenue for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.

The trade receivable turnover days indicate the average time required for us to collect payments. Our trade receivables turnover days increased from 95 days in 2022 to 105 days in 2023, due to the extended payment period for certain customers of our GNSS chips, modules and related solutions business. Our trade receivables turnover days decreased from 105 days in 2023 to 88 days in 2024 as we strengthened customer credit policy and payment collection in 2024.

As of April 30, 2025, RMB159.6 million or 64.3% of our gross trade receivables (before loss allowance) as of December 31, 2024 had been subsequently settled.

Trade and Other Payables

Our trade and other payables include (i) trade payables, which primarily related to payments due to suppliers; (ii) accrued staff costs, which primarily related to performance bonus payable to employees accrued at the end of each period; (iii) other payables and accrued charges, which primarily include payables for asset purchases; (iv) refund liabilities; and (v) bills payables. The following table sets forth our trade and other payables, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	46,052	42,743	69,577
Accrued staff costs	24,238	19,040	22,225
Other payables and accrued charges	19,449	23,240	22,695
Refund liabilities	815	7,859	10,258
Bills payables	—	—	11,595
Total	90,554	92,882	136,350

Our trade and other payables increased from RMB90.6 million as of December 31, 2022 to RMB92.9 million as of December 31, 2023, primarily due to an increase in refund liabilities from RMB0.8 million as of December 31, 2022 to RMB7.9 million as of December 31, 2023, which is partly offset by a decrease of our accrued staff costs from RMB24.2 million as of December 31, 2022 to RMB19.0 million as of December 31, 2023, primarily due to a decrease in performance-based bonus accruals.

Our trade and other payables increased from RMB92.9 million as of December 31, 2023 to RMB136.4 million as of December 31, 2024, primarily due to an increase in trade payable from RMB42.7 million as of December 31, 2023 to RMB69.6 million as of December 31, 2024, generally in line with our business growth; and (ii) our bills payables of RMB11.6 million as of December 31, 2024, primarily because we settled with a certain supplier by bank draft and an increase in business requiring letters of credit.

The following table sets forth the aging analysis of our trade payables based on the invoice dates as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	43,878	38,679	60,310
One to two years	1,303	2,890	7,166
Two to three years	169	382	956
Over three years	702	792	1,145
Total	46,052	42,743	69,577

During the Track Record Period, the credit period granted to us would be around 30 days to 60 by our suppliers from the date of invoice. Our trade payables aged one to two years increased from RMB1.3 million as of December 31, 2022 to RMB2.9 million as of December 31, 2023, and further to RMB7.2 million as of December 31, 2024, primarily due to the increase in trade payables for projects of GNSS related solutions that have not yet reached the end of the warranty period.

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

	Year ended December 31,		
	2022	**2023**	**2024**
Trade payables turnover days(1)	26	28	27

Note:

(1) Trade payables turnover days were calculated based on the average of opening and closing trade payables balance divided by cost of sales for the relevant year, and multiplied by the number of days in the relevant year, being 365 days.

Our trade payables turnover days increased from 26 days in 2022 to 28 days in 2023, primarily due to the delay in our projects progress in relation to GNSS related solution, which lengthened our payment to suppliers. Our trade payables turnover days remained stable in 2023 and 2024.

As of April 30, 2025, RMB34.8 million or 50.0% of our trade payables as of December 31, 2024 had been subsequently settled.

INDEBTEDNESS

Our indebtedness primarily consist of (i) bank loans and other borrowing, and (ii) lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Bank loans and other borrowing . . .	29,922	36,941	45,755	80,207
Lease liabilities				
— Current	4,558	10,911	11,347	7,057
— Non-current	12,172	16,491	4,804	3,955
Total indebtedness	46,652	64,343	61,906	91,219

Save as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2024 and up to the Latest Practicable Date.

Bank Loans and Other Borrowing

The following table sets forth the carrying amounts of our interest-bearing bank loans and other borrowing as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Bank Loans and Other Borrowing, within 1 year or on demand.	29,922	36,941	45,755	80,207
Represented by:				
— Guaranteed and unsecured	24,922	5,006	5,005	40,024
— Unguaranteed and unsecured	5,000	31,935	40,750	40,183
	29,922	36,941	45,755	80,207

Our total outstanding bank loans and other borrowing increased from RMB29.9 million as of December 31, 2022 to RMB36.9 million as of December 31, 2023 and then increased to RMB45.8 million as of December 31, 2024, which was in line with change in the borrowings in relation to the operations of the Group during such periods.

The effective interest rates of our bank loans and other borrowing ranged from 2.1% to 4.4% per annum in 2022, 2023 and 2024. We consider these interest rates to be within the range of market interest rates.

As of December 31, 2022, we had interest-bearing borrowing of RMB29.9 million with effective interest rates ranging from 3.0% to 4.4% per annum. In particular, RMB6.9 million were guaranteed by Mr. Li Weiyu and Ms. Yang Rui, the general manager and the finance manager of Medo, respectively; RMB10.0 million were guaranteed by Mr. Li Weiyu and Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs ("**SFGFS**"), which is an Independent Third Party; and RMB8.0 million were guaranteed by SFGFS. Such loans were fully repaid in 2023.

As of December 31, 2023, we had interest-bearing borrowings of RMB36.9 million with effective interest rates ranging from 3.0% to 3.65% per annum. In particular, RMB5.0 million were guaranteed by SFGFS. Such loans were fully repaid in 2024.

As of December 31, 2024, we had interest-bearing borrowings of RMB45.8 million, with effective interest rates ranging from 2.1% to 3.6% per annum. In particular, RMB5.0 million were guaranteed by SFGFS. RMB45.8 million will become due in 2025. Our interest-bearing borrowings increased to RMB80.2 million as of April 30, 2025.

We consider our bank borrowing agreements to contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of April 30, 2025, we had unutilized banking facilities of RMB51.6 million.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Current	4,558	10,911	11,347	7,057
Non-current	12,172	16,491	4,804	3,955
Total	16,730	27,402	16,151	11,012

As of December 31, 2022, 2023 and 2024 and April 30, 2025, our lease liabilities were RMB16.7 million, RMB27.4 million, RMB16.2 million and RMB11.0 million, respectively. These lease liabilities primarily related to lease contracts of our R&D and office premises. Our lease liabilities increased from RMB16.7 million as of December 31, 2022 to RMB27.4 million as of December 31, 2023, primarily due to our new lease contract of office premises in Shanghai in 2023 following the acquisition of Medo. Our lease liabilities decreased from RMB27.4 million as of December 31, 2023 to RMB16.2 million as of December 31, 2024 and further decreased to RMB11.0 million as of April 30, 2025, because most of our lease contracts will be expired in 2026 and are normally amortized.

CONTINGENT LIABILITIES

We did not have any contingent liabilities as of December 31, 2022, 2023 and 2024, respectively. As of April 30, 2025, being the indebtedness date for the purpose of the indebtedness statement, we did not have any contingent liabilities. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Company since April 30, 2025 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of and for the year indicated:

	As of and for the year ended December 31,		
	2022	**2023**	**2024**
Gross profit margin[(1)]	12.0%	10.5%	9.8%
Current ratio[(2)]	8.5	6.2	3.9
Quick ratio[(3)]	7.8	5.6	3.6
Gearing ratio[(4)]	2.3%	3.5%	4.9%

Notes:

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

(2) Current ratio is calculated by current assets divided by our current liabilities as of the year end.

(3) Quick ratio is calculated by current assets less inventories divided by our current liabilities as of the year end.

(4) Gearing ratio is calculated by bank loans and other borrowing divided by the total equity for the respective year and multiplied by 100.0%.

Gross Profit Margin

See "— Discussion of Results of Operations" in this section for more details on our gross profit margin.

Current Ratio and Quick Ratio

Our current ratio decreased from 8.5 times as of December 31, 2022 to 6.2 times as of December 31, 2023 and our quick ratio decreased from 7.8 times as of December 31, 2022 to 5.6 times as of December 31, 2023, primarily due to the increase in current liabilities and the decrease in current assets. The increase in current liabilities was primarily due to (i) an increase in contract liabilities of RMB16.5 million; (ii) an increase in bank loans and other borrowing of RMB7.0 million; and (iii) an increase in lease liabilities of RMB6.4 million. The decrease in current assets was primarily due to (i) a decrease in cash and cash equivalents of RMB118.5 million; and (ii) a decrease in trade and other receivables of RMB8.2 million.

Our current ratio decreased from 6.2 times as of December 31, 2023 to 3.9 times as of December 31, 2024 and our quick ratio decreased from 5.6 times as of December 31, 2023 to 3.6 times as of December 31, 2024, primarily due to the increase in current liabilities and the decrease in current assets. The increase in current liabilities was primarily due to (i) an increase in trade and other payables of RMB43.5 million; and (ii) an increase in contract liabilities of RMB35.5 million. The decrease in current assets was primarily due to (i) a decrease in cash and cash equivalents of RMB141.2 million; and (ii) a decrease in inventories and contract costs of RMB25.7 million.

Gearing Ratio

Our gearing ratio increased from 2.3% as of December 31, 2022 to 3.5% as of December 31, 2023, primarily due to an increase in our bank loans and other borrowing from RMB29.9 million as of December 31, 2022 to RMB36.9 million as of December 31, 2023.

Our gearing ratio increased from 3.5% as of December 31, 2023 to 4.9% as of December 31, 2024 due to an increase of our bank loans and other borrowing from RMB36.9 million as of December 31, 2023 to RMB45.8 million as of December 31, 2024.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period consist of expenditures on the additions to property, plant and equipment and intangible assets. We made prepayments for property, plant and equipment during the Track Record Period, and such prepayments were classified as other non-current assets in our statements of financial position, which affected our capital expenditures during the Track Record Period. Our payment for the purchase of property, plant and equipment and intangible assets amounted to RMB41.4 million, RMB29.4 million and RMB17.2 million in 2022, 2023 and 2024, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations, the capital contributions by investors and bank borrowings.

We expect our capital expenditures to increase in the future as our business continues to grow, which we will use primarily for the renovation of our leased premises. We expect to fund future capital expenditures through cash generated from operations, bank borrowings and the **[REDACTED]** from the **[REDACTED]**.

Capital Commitments

Our capital commitments primarily relate to additions to property, plant and equipment contracted but not provided for. We did not have any capital commitments as of December 31, 2022, 2023 and 2024.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into transactions with our related parties from time to time. These transactions primarily include but not limited to purchase of raw materials from and sales of products to certain related parties that were trade in nature.

As of December 31, 2022, 2023 and 2024, amounts due from related party was nil, nil and RMB15.9 million, respectively. For detail of our related party transactions, see note 28 to the Accountants' Report in Appendix I to this document.

It is the view of our Directors that our transactions with related parties during the Track Record Period was conducted on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

Credit Risk

Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents, bills receivable and restricted cash is limited because the counterparties are banks and financial institutions which we consider to represent low credit risk. Our exposure to credit risk arising from refundable guarantee deposits is considered to be low, taking into account the historical default experience and forward-looking information. Our exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the landlords' credit rating and the remaining lease term and the period covered by the rental deposits.

We have established a credit risk management policy under which 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 0 day to 90 days from the date of billing. Debtors with balances that are over the credit terms granted are requested to settle all outstanding balances before any further credit is granted. Normally, we do not obtain collateral from customers.

We performed impairment assessment under ECL model. For more details, see note 27(a) to the Accountants' Report included in Appendix I to this document.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by our Company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For more details, see note 27(b) to the Accountants' Report included in Appendix I to this document.

Interest Rate Risk

Our interest rate risk arises primarily from bank loans and other borrowing, lease liabilities, restricted cash and cash at banks. We have not hedged interest rate risk with derivative financial instruments. For more details, see note 27(c) to the Accountants' Report included in Appendix I to this document.

DIVIDENDS

No dividend had been paid or declared by our Company during the Track Record Period. There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders' approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law, any other applicable PRC laws and regulations. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the estimated **[REDACTED]** from the **[REDACTED]** and the financial resources available to us, including expected cash generated from operating activities, we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

As of April 30, 2025, we had unutilized banking facilities of RMB51.6 million. Historically, we have been able to obtain bank and other borrowings when needed, and we believe that our healthy relationships with banks will continue to support our borrowing needs in the future. In addition, as of April 30, 2025, we had cash and cash equivalents of RMB336.7 million, and we closely monitor and manage our cash position and requirements to ensure that we have sufficient working capital for our operations.

DISTRIBUTABLE RESERVES

As of December 31, 2024, our Company did not have reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

Based on the mid-point **[REDACTED]** of **[REDACTED]** per Share, the total estimated **[REDACTED]** expenses in relation to the **[REDACTED]** are **[REDACTED]**, assuming the **[REDACTED]** is not exercised, which constitute approximately **[REDACTED]** of the **[REDACTED]**. Our total **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses of **[REDACTED]**; and (ii) non-**[REDACTED]**-related expenses of **[REDACTED]**, including (a) fees payable to legal advisors and Reporting Accountants of **[REDACTED]** and (b) other fees and expenses, including sponsors fees and the fees of other professional parties, of **[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** expenses of **[REDACTED]**, of which **[REDACTED]** was recognized in our statements of profit or loss in 2024, and **[REDACTED]** was recognized as prepayments in our statements of financial position as of December 31, 2024, to be accounted for as a deduction from equity upon the **[REDACTED]**. Out of the **[REDACTED]** expense to be charged subsequent to the Track Record Period, we estimate approximately **[REDACTED]** will be charged to our consolidated statement of profit or loss. The remaining balance of approximately **[REDACTED]** is expected to be accounted for as a deduction from equity upon the completion of the **[REDACTED]**.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** statement of adjusted net tangible assets of the Company prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA is set out here to illustrate the effect of the **[REDACTED]** on the net tangible assets of the Company as of December 31, 2024 as if the **[REDACTED]** had taken place on December 31, 2024.

The unaudited **[REDACTED]** statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Company had the **[REDACTED]** been completed as of December 31, 2024 or any future date.

	Net tangible assets of the Company as of December 31, 2024(1)	Estimated [REDACTED] from the [REDACTED](2&4)	Unaudited [REDACTED] adjusted net tangible assets of the Company	Unaudited [REDACTED] adjusted net tangible assets of the Company per Share(3&4)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$(4)*
Based on an **[REDACTED]** of **[REDACTED]** per H Share	790,748	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of **[REDACTED]** per H Share	790,148	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2024 is based on the total equity attributable to the equity shareholders of the Company of RMB905,109,000 as at 31 December 2024, which is extracted from the Accountants' Report set out in Appendix I to the document, deducting intangible assets of RMB42,879,000 and goodwill of RMB81,170,000 and adjusting for the share of intangible assets attributable to non-controlling interests of RMB9,688,000.

(2) The estimated **[REDACTED]** from the **[REDACTED]** are based on **[REDACTED]** H Shares expected to be issued under the **[REDACTED]** and the indicative **[REDACTED]** of **[REDACTED]** per H Share and **[REDACTED]** per H Share, being the low end and high end price of the indicative **[REDACTED]** range respectively, after deduction of estimated **[REDACTED]** fee and other estimated expenses relating to the **[REDACTED]** paid or payable by the Group (excluding the **[REDACTED]** expenses charged to profit or loss during the Track Record Period of **[REDACTED]**) and does not take into account of any Shares which may be issued upon the exercise of the **[REDACTED]** or any Shares which may be issued under the **[REDACTED]** Share Award Scheme.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that **[REDACTED]** Shares are in issue immediately following the **[REDACTED]** assuming that the **[REDACTED]** had been completed on 31 December 2024, but do not take into account of the Shares which may be issued upon exercise of the **[REDACTED]** or any Shares which may be issued under the **[REDACTED]** Share Award Scheme.

(4) For illustrative purpose, the estimated **[REDACTED]** from the **[REDACTED]** are converted from Hong Kong dollar into Renminbi and the unaudited **[REDACTED]** adjusted net tangible assets of the Company per Share is converted from the Renminbi into Hong Kong dollar at a rate of HK$1 = RMB0.91617, being the PBOC rate prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollars amounts have been, could have been or may be converted into Renminbi, or vice versa at that rate.

(5) No adjustment has been made to reflect any trading result or other transactions of the Company entered into subsequent to December 31, 2024.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited financial statements, 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.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Development Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately **[REDACTED]**, after deducting the estimated **[REDACTED]** and other estimated **[REDACTED]** expenses in connection with the **[REDACTED]**, assuming that an **[REDACTED]** of **[REDACTED]** per Share (being the mid-point of the **[REDACTED]** range stated in this document) and assuming that the **[REDACTED]** and the **[REDACTED]** Share Option Scheme are not exercised.

In line with our strategies, we intend to apply the **[REDACTED]** from the **[REDACTED]** for the following purposes and in the amounts set forth below:

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to continuously enhance our R&D capabilities and products and solutions provision.

  In particular,

  (i) approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to invest in R&D of our new GNSS chips such as ultra-low-power GNSS chips for IoT and wearable devices, automotive-grade high-precision GNSS chips for intelligent driving, the BeiDou short message chips for consumer markets, and integrated satellite navigation and communication chips that combine BeiDou short messages with GNSS navigation functions.

  To achieve the plans above, we plan to allocate approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the expenses of our R&D personnel to carry out the above R&D projects, including the recruitment of approximately 18 additional R&D personnel, including IC design engineers, senior GNSS algorithm engineers and multi-source fusion algorithm engineers, in mainland China over the next five years.

We also plan to allocate approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the related expenses of different R&D stages, such as multi-project wafer (MPW) tape out fees, full-mask tape out fees, raw material costs, testing, laboratory and processing fees, R&D outsourcing fees, and IP costs, to carry out the above R&D projects over the next five years.

(ii) approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to invest in R&D of forward-looking GNSS solutions and core algorithms for our future business expansion such as an integrated SoC chip featuring seamless indoor-outdoor multi-source fusion positioning, and the application of AI and edge computing to refine navigation algorithms.

To achieve the plans above, we plan to allocate approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the expenses of our R&D personnel to carry out the above R&D projects, including the recruitment of approximately 11 additional R&D personnel comprising of indoor navigation and positioning algorithm engineers, AI algorithm engineers and software test engineers, in mainland China over the next five years.

We also plan to allocate approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the related expenses of different R&D stages, such as MPW tape out fees, full-mask tape out fees, raw material costs, testing, laboratory and processing fees, R&D outsourcing fees, and IP costs, to carry out the above R&D projects over the next five years.

(iii) approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to further strengthen our hardware and software capabilities in chip R&D, improve the R&D environment and enhance our R&D efficiency.

To achieve the plans above, we plan to allocate approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the procurement of chip design software and tool licenses. We also plan to allocate approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the upgrade of our cloud R&D environment and approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, for the procurement of other R&D equipment and materials.

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used for the establishment of joint ventures with our partners and strategic investments and/or acquisitions of technology solution companies and semiconductor companies. Specifically, we plan to establish joint ventures with companies that have competitive advantages in emerging application fields, including intelligent driving, low-altitude economy applications, in order to expand our market share in these industry. We also plan to acquire or invest in technology solution companies to expand our access to innovative chip technologies, algorithm technologies, and multi-source fusion positioning technologies to enhance the competitiveness of our core technologies, expand our market share, and increase our revenues. In addition, we plan to acquire or invest in semiconductor companies to expand the integration and application of satellite communications and inertial navigation technologies centered on GNSS chips. While we will continue to evaluate potential acquisition targets, we had not identified any specific acquisition targets as of the Latest Practicable Date.

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to expand the sales network of our GNSS products and solutions. Domestically, we plan to establish new sales branches in Xi'an and Chongqing to support major customers located in these regions and further penetrate into local markets in such regions and customer technical service centers to provide better technical support to our customers. Internationally, we plan to establish sales centers across Europe, Japan, South Korea, India, and Southeast Asia, and recruit local sales and marketing personnel, targeting top-tier international customers.

  In particular,

  (i) approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used for the recruitment of additional product applications specialists and sales engineers with knowledge in computer science, information science, automation, electronics and other related fields domestically and internationally over the next five years.

  (ii) approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used to (a) expand and improve our sales network in China, including the establishment of sales branches in Xi'an and Chongqing and customer technical service centers in China; and (b) establish sales centers and customer technical service centers across Europe, Japan, South Korea, India, and Southeast Asia in order to expand our international sales network and acquire top-tier international customers, over the next five years. In particular, we believe that the establishment of the customer technical service centers will enable our on-field applications engineering team to intervene and provide customized solutions to meet diverse customer needs, facilitating the transition from design-in to design-win.

- approximately **[REDACTED]** of the **[REDACTED]**, or **[REDACTED]**, will be used for working capital and other general corporate purposes.

The above allocation of the **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the **[REDACTED]**.

If the **[REDACTED]** is determined at **[REDACTED]** per Share, being the high end of the **[REDACTED]**, after deducting **[REDACTED]** commissions, fees and estimated expenses payable by us in connection with the **[REDACTED]**, we will receive **[REDACTED]** of approximately **[REDACTED]**.

If the **[REDACTED]** is determined at **[REDACTED]** per Share, being the low end of the **[REDACTED]**, after deducting **[REDACTED]** commissions, fees and estimated expenses payable by us in connection with the **[REDACTED]**, we will receive **[REDACTED]** of approximately **[REDACTED]**.

To the extent that the **[REDACTED]** of the **[REDACTED]** are not sufficient to fund our development plan, we intend to fund the shortfall through a variety of means, including proceeds from banking facilities and cash generated from operation.

To the extent that the **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes, we will only deposit those **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

We will issue an appropriate announcement if there is any material change to the above proposed **[REDACTED]**.

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The following is the text of a report set out on pages I-1 to I-110, 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 ALLYSTAR TECHNOLOGY (SHENZHEN) CO., LTD., CMB INTERNATIONAL CAPITAL LIMITED AND PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of Allystar Technology (Shenzhen) Co., Limited (深圳華大北斗科技股份有限公司) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-110, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2022, 2023 and 2024 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-110 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 (the "**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's and the Group's financial position as at 31 December 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period 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 26(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

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 Track Record Period, 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 (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	For the year ended 31 December		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	4	697,997	645,136	840,286
Cost of sales		(614,312)	(577,217)	(758,319)
Gross profit		83,685	67,919	81,967
Other net income	5	45,667	32,170	43,466
Selling and distribution expenses		(42,557)	(56,516)	(54,408)
Administrative expenses		(77,715)	(83,173)	(80,476)
Research and development costs		(102,711)	(109,783)	(118,111)
Reversal/(recognition) of impairment loss on trade and other receivables	*6(c)*	834	(8,492)	(14,509)
Impairment loss on non-current assets	*6(c)*	—	(128,872)	—
Loss from operations		(92,797)	(286,747)	(142,071)
Finance costs	*6(a)*	(2,360)	(2,397)	(1,732)
Share of losses of an associate		(1,304)	—	—
Loss before taxation	6	(96,461)	(289,144)	(143,803)
Income tax	*7(a)*	3,849	228	2,534
Loss for the year		(92,612)	(288,916)	(141,269)
Attributable to:				
Equity shareholders of the Company		(88,456)	(264,687)	(119,422)
Non-controlling interests	14	(4,156)	(24,229)	(21,847)
Loss for the year		(92,612)	(288,916)	(141,269)
Loss per share	10			
Basic loss per share *(RMB)*		(0.10)	(0.31)	(0.14)
Diluted loss per share *(RMB)*		(0.10)	(0.31)	(0.14)

	For the year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year	(92,612)	(288,916)	(141,269)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences arising from net investment in foreign operations and translation of financial statements	17,078	3,163	4,171
Total comprehensive income for the year	(75,534)	(285,753)	(137,098)
Attributable to:			
Equity shareholders of the Company	(71,378)	(261,524)	(115,251)
Non-controlling interests	(4,156)	(24,229)	(21,847)
Total comprehensive income for the year	(75,534)	(285,753)	(137,098)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

(Expressed in Renminbi)

		As at 31 December		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	78,694	90,791	82,903
Intangible assets	*12*	64,296	50,090	42,879
Goodwill	*13*	210,042	81,170	81,170
Contract assets	*16(a)*	229	949	3,189
Trade and other receivables	*17*	11,206	25,935	11,948
Deferred tax assets	*24(b)*	6,391	5,045	6,134
		370,858	253,980	228,223
Current assets				
Inventories and contract costs	*15*	93,359	96,663	70,928
Contract assets	*16(a)*	1,960	812	811
Trade and other receivables	*17*	226,773	218,580	341,058
Restricted cash	*18(b)*	1,934	1,455	12,460
Other current assets		2,846	5,455	6,535
Cash and cash equivalents	*18(a)*	831,300	712,778	571,578
		1,158,172	1,035,743	1,003,370
Current liabilities				
Trade and other payables	*19*	90,554	92,882	136,350
Contract liabilities	*16(b)*	9,038	25,502	61,041
Bank loans and other borrowing	*20*	29,922	36,941	45,755
Lease liabilities	*21*	4,558	10,911	11,347
Current taxation	*24(a)*	1,444	84	21
Provisions	*25*	1,003	1,304	1,553
		136,519	167,624	256,067
Net current assets		1,021,653	868,119	747,303
Total assets less current liabilities		1,392,511	1,122,099	975,526

		As at 31 December		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Contract liabilities	*16(b)*	3,686	2,198	1,125
Lease liabilities	*21*	12,172	16,491	4,804
Deferred income	*22*	40,740	39,227	27,330
Deferred tax liabilities	*24(b)*	6,453	4,878	3,432
		63,051	62,794	36,691
NET ASSETS		1,329,460	1,059,305	938,835
CAPITAL AND RESERVES	*26*			
Share capital		863,041	863,041	863,041
Reserves		403,751	156,328	56,216
Total equity attributable to equity shareholders of the Company		1,266,792	1,019,369	919,257
Non-controlling interests		62,668	39,936	19,578
TOTAL EQUITY		1,329,460	1,059,305	938,835

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	29,132	33,381	36,028
Intangible assets	*12*	25,582	19,652	19,858
Goodwill	*13*	81,170	81,170	81,170
Investments in subsidiaries	*14*	527,780	478,660	490,438
Trade and other receivables	*17*	1,501	15,500	1,593
		665,165	628,363	629,087
Current assets				
Inventories and contract costs	*15*	46,174	30,290	24,996
Trade and other receivables	*17*	137,632	156,890	200,297
Other current assets		596	4,408	5,503
Cash and cash equivalents	*18(a)*	634,229	428,726	333,282
		818,631	620,314	564,078
Current liabilities				
Trade and other payables	*19*	97,983	98,885	102,868
Contract liabilities	*16(b)*	643	435	15,006
Lease liabilities	*21*	3,681	5,286	5,591
		102,307	104,606	123,465
Net current assets		716,324	515,708	440,613
Total assets less current liabilities		1,381,489	1,144,071	1,069,700
Non-current liabilities				
Lease liabilities	*21*	10,490	8,058	2,266
Deferred income	*22*	40,740	39,227	27,330
Deferred tax liabilities		689	345	—
		51,919	47,630	29,596
NET ASSETS		1,329,570	1,096,441	1,040,104
CAPITAL AND RESERVES	*26*			
Share capital		863,041	863,041	863,041
Reserves		466,529	233,400	177,063
TOTAL EQUITY		1,329,570	1,096,441	1,040,104

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(b)(i)	Note 26(c)(i)	Note 26(c)(ii)	Note 26(c)(iii)			Note 14	
Balance at 1 January 2022	796,447	320,752	15,596	(9,583)	(119,855)	1,003,357	—	1,003,357
Changes in equity for the year ended 31 December 2022								
Loss for the year	—	—	—	—	(88,456)	(88,456)	(4,156)	(92,612)
Other comprehensive income	—	—	—	17,078	—	17,078	—	17,078
Total comprehensive income	—	—	—	17,078	(88,456)	(71,378)	(4,156)	(75,534)
Capital injection	66,594	269,261	—	—	—	335,855	—	335,855
Equity-settled share-based transactions *(Note 23)*	—	—	6,366	—	—	6,366	176	6,542
Acquisition of a subsidiary *(Note 29)*	—	—	—	—	—	—	70,816	70,816
Acquisition of non-controlling interests	—	(7,408)	—	—	—	(7,408)	(4,168)	(11,576)
Balance at 31 December 2022	863,041	582,605	21,962	7,495	(208,311)	1,266,792	62,668	1,329,460

	Attributable to equity shareholders of the Company							
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(b)(i)	Note 26(c)(i)	Note 26(c)(ii)	Note 26(c)(iii)			Note 14	
Balance at 1 January 2023	863,041	582,605	21,962	7,495	(208,311)	1,266,792	62,668	1,329,460
Changes in equity for the year ended 31 December 2023								
Loss for the year	—	—	—	—	(264,687)	(264,687)	(24,229)	(288,916)
Other comprehensive income	—	—	—	3,163	—	3,163	—	3,163
Total comprehensive income	—	—	—	3,163	(264,687)	(261,524)	(24,229)	(285,753)
Capital contribution by non-controlling interests	—	—	—	—	—	—	800	800
Equity-settled share-based transactions *(Note 23)*	—	—	14,101	—	—	14,101	697	14,798
Balance at 31 December 2023	863,041	582,605	36,063	10,658	(472,998)	1,019,369	39,936	1,059,305

	Attributable to equity shareholders of the Company							
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 26(b)(i)	Note 26(c)(i)	Note 26(c)(ii)	Note 26(c)(iii)			Note 14	
Balance at 1 January 2024	863,041	582,605	36,063	10,658	(472,998)	1,019,369	39,936	1,059,305
Changes in equity for the year ended 31 December 2024								
Loss for the year	—	—	—	—	(119,422)	(119,422)	(21,847)	(141,269)
Other comprehensive income	—	—	—	4,171	—	4,171	—	4,171
Total comprehensive income	—	—	—	4,171	(119,422)	(115,251)	(21,847)	(137,098)
Equity-settled share-based transactions *(Note 23)*	—	—	15,139	—	—	15,139	1,489	16,628
Balance at 31 December 2024	863,041	582,605	51,202	14,829	(592,420)	919,257	19,578	938,835

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

	Note	For the year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash used in operations	18(c)	(79,665)	(105,847)	(141,177)
Income tax paid		(13)	(1,361)	(64)
Net cash used in operating activities		(79,678)	(107,208)	(141,241)
Investing activities				
Proceeds from redemption of wealth management products		2,561,723	1,514,385	1,237,792
Payment for the purchase of wealth management products		(2,459,700)	(1,500,000)	(1,225,000)
Payment for the purchase of property, plant and equipment and intangible assets		(41,365)	(29,368)	(17,184)
Net cash outflow arising from the acquisition of a subsidiary	29	(26,754)	—	—
Proceeds from disposal of property, plant and equipment		—	575	15
Net cash generated from/(used in) investing activities		33,904	(14,408)	(4,377)
Financing activities				
Capital element of lease rentals paid	18(d)	(7,616)	(8,791)	(10,772)
Interest element of lease rentals paid	18(d)	(885)	(1,066)	(888)
Proceeds from bank loans and other borrowing	18(d)	38,900	36,900	50,723
Repayments of bank loans and other borrowing	18(d)	(115,925)	(29,900)	(41,900)
Borrowing costs paid	18(d)	(1,485)	(1,312)	(853)
Release of guarantee deposits of bank loans and borrowing		83,000	—	—
Capital injection from non-controlling interest of a subsidiary		—	800	—
Proceeds from employee incentive scheme	23(ii)	—	—	2,588
Payment of **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Payment for acquisition of non-controlling interests		(11,576)	—	—
Proceeds from capital injections		335,855	—	—
Net cash generated from/(used in) financing activities		320,268	(3,369)	(2,007)
Net increase/(decrease) in cash and cash equivalents		274,494	(124,985)	(147,625)
Cash and cash equivalents at the beginning of the year	18(a)	553,923	831,300	712,778
Effect of foreign exchange rate changes		2,883	6,463	6,425
Cash and cash equivalents at the end of the year	18(a)	831,300	712,778	571,578

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of Historical Financial Information

Allystar Technology (Shenzhen) Co., Ltd. (深圳華大北斗科技股份有限公司) ("**the Company**"), was incorporated in Shenzhen City, Guangdong Province, the People's Republic of China (the "**PRC**") on 6 December 2016 as a limited liability company.

On 6 December 2021, the Company converted from a limited liability company into a joint stock limited liability company under the PRC Company Law.

The Company and its subsidiaries (together, "**the Group**") are principally engaged in offering positioning chips, modules, terminals, and solutions based on the BeiDou system to producing dual-mode and multi-mode products compatible with major global satellite navigation systems.

As at 31 December 2022, 2023, 2024 and the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies:

			Proportion of ownership interest						
Company name	Place of incorporation and business	Registered/issued and paid-up capital	31 December 2022	31 December 2023	31 December 2024	At the date of this report	Principal activities	The types of legal entity for PRC companies	Local auditors
Beijing Beidou Huada Technology Co., Ltd.* (北京北斗華大科技有限公司)	Chinese Mainland	RMB150,000,000/RMB150,000,000	100%	100%	100%	100%	Research and development, and product sales	limited liability company	2022: 深圳市巨源立德會計師事務所(普通合夥), 2023: 廣東海松會計師事務所(普通合夥), 2024: not available
Allystar Technology Co. Limited (華大北斗科技有限公司(香港)) . . .	Hong Kong	HKD337,548,733/ HKD337,548,733	100%	100%	100%	100%	Research and development	N/A	2022 and 2023: Grand Up CPA Limited, 2024: not available
Allystar Information Co. Limited (航芯信息有限公司).	Hong Kong	HKD16,580,692/ HKD16,580,692	100%	100%	100%	100%	Products sales and distribution	N/A	2022 and 2023: Grand Up CPA Limited, 2024: not available
Shanghai Medo Surveying and Mapping Technology Co., Ltd.* (上海米度測控科技有限公司) ("**Medo**")) . .	Chinese Mainland	RMB24,642,936/ RMB20,081,329	53.74%	53.74%	53.74%	53.74%	Provision of GNSS-related solutions	limited liability company	2022, 2023 and 2024: 上海軒和會計師事務所(普通合夥)

* The official name of the entity is in Chinese. The English name is for identification purpose only.

The financial statements of the Company for the years ended 31 December 2022 and 2023 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC were audited by 廣東海松會計師事務所(普通合夥). The financial statements of the Company for the year ended 31 December 2024 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC were audited by 深圳天地會計師事務所(普通合夥).

All companies comprising the Group have adopted 31 December 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 ("**IASB**"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2024 are set out in Note 31.

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.

2 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

(a) Basis of measurement

The Historical Financial Information are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000), except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial assets and liabilities measured at their fair value as explained in Note 2(e)(i).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, 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 judgments 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 recognised 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.

Information about critical 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 to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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 unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests 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 period between non-controlling interests and the 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, whereby adjustments are made to the amounts of controlling and non-controlling interests to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the statement of financial position of the Company, investments in subsidiaries are stated at cost less impairment losses (see Note 2(i)(ii)).

(d) Goodwill

Goodwill arising on acquisition of businesses represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses (see Note 2(i)(ii)). Goodwill arising on a business combination is allocated to cash generating unit, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)(ii)).

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other investments in debt and equity securities

The Group's policies for investments, other than investments in subsidiaries are set out below.

Investments in debt and equity securities are recognised/derecognised 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 recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(s)(ii)(a)).

— fair value through other comprehensive income (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. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised 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.

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note [2(i)(ii)]):

— Ownership interests in buildings held for own use arising from buildings owned by the Group;

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— items of property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

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 recognised 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, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

— Ownership interests in buildings held for own use	20 years
— Plant, machinery and equipment	3–5 years
— Motor vehicles	5 years
— Right-of-use assets	Over the shorter of the lease term or the estimated useful life of the asset
— Leasehold improvement	Over the shorter of the lease term or the estimated useful life of the asset

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see Note 2(i)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation polices specified above.

No depreciation is provided in respect of construction in progress.

(g) Intangible assets

Intangible assets 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(i)(ii)).

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 recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

— Software	1–10 years
— Patents and trademarks	5–10 years
— Unfinished orders	1 years
— Customer Relationship	6 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if it can be demonstrated that the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognized as an expense in the period in which it is incurred.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease 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.

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 recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised 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 amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised 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 Note 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of use assets.

The lease liability is remeasured when there is a modification, 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 Group presents right-of-use assets in "property, plant and equipment" and lease liabilities separately in the consolidated statements of financial position.

In the consolidated statements of finance position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

As a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or 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 on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on the financial assets measured at amortized cost(including cash and cash equivalents, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

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 the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); 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.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 3 years past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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 past due event;

— it becomes probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

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 more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

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 recognised 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. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for 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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised 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 amortization, if no impairment loss had been recognised.

(j) Inventories and contract costs

(i) Inventories

Inventories are measured 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 recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as cost of sales in the period in which the reversal occurs.

(ii) Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

— the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

— the costs generate or enhances resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

— the costs are expected to be recovered.

Amortization of the capitalised contract costs are recognised in the statements of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, 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. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(i).

(n) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(p) 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 recognised 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.

Full time employees of the Group in the PRC participate in government mandated defined contribution plans, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the Company and the PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

The Group also operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the plan vest immediately. There are no forfeited contributions for the Mandatory Provident Fund Schemes as the contributions are fully vested to the employees upon payment to the scheme.

(ii) Share-based payments

The Group operates equity-settled share-based compensation plans, under which the Group receives services from directors and employees 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 as an expense in the consolidated statements of profit or loss.

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 restricted shares that are expected to vest based on service condition. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The grant by the Company of share incentive plan over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income Tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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 recognised 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 recognised 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;

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised 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 recognise 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 realised; 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.

(r) Provisions

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 recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

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 recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) 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

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised 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 such as value added tax or other sales taxes.

(a) Sales of products

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group typically offers customers of products rights of return when there have quality issues with products delivered. It also offers retrospective volume rebates to certain major customers of products when their purchases reach an agreed threshold. Such rights of return and volume rebates give rise to variable consideration. The Group estimates variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sales of products, the Group recognises revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A refund liability is recognised for the expected returns and is included in trade and other payables.

(b) Rendering of services

The Group rendered services of customized deformation monitoring solutions for various public and industrial sectors.

Revenue from services was recognized from project-based fees that are often paid upon achieving project milestones.

(ii) Other income

(a) Interest income

Interest income is recognised 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. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(b) Government grants

Government grants are recognised in the consolidated statements 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 recognised 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 assets are recognised as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

(t) 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 at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. 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 recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

(u) 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.

(v) 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.

(w) 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

Note 27 contains information about the assumptions and their risk factors relating to measurement of ECLs allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Sales returns from customers

The estimate of sales returns reflects historical experience of sales to customers under the Global Navigation Satellite System ("**GNSS**") and is reviewed regularly to ensure that it reflects potential sales returns. A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group continuously updates its estimates based on historical sales return rate and the refund liabilities are adjusted accordingly. Estimates of sales returns are sensitive to changes in circumstances and the Group's historical experience regarding returns may not be representative of customers actual returns in the future.

(ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Value in use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the estimates of recoverable amount, which would affect profit or loss in future years.

(iii) Recognition of deferred tax asset

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 Revenue and segment reporting

(a) Revenue

During the Track Record Period, the Group generated our revenue primarily from (i) GNSS chips, modules and solutions business; and (ii) Comprehensive chips and modules business.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
— Sales of products	678,698	617,131	821,280
— Rendering of services	19,299	28,005	19,006
	697,997	645,136	840,286

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets for the Track Record Period is disclosed in Note 4(b) respectively.

The Group's customer base is diversified. During the Track Record Period, revenue from each of the major customers, which accounted for 10% or more of the Group's revenue, are set out below:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Customer A	87,142	N/A*	N/A*
Customer B	86,530	92,844	107,841
Customer C	N/A*	76,031	N/A*
Customer D	N/A*	70,426	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

Details of concentrations of credit risk arising from these customers are set out in Note 27(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2022, 2023 and 2024, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are RMB12,724,000, RMB27,700,000 and RMB62,166,000, respectively. These amounts represent revenue expected to be recognized from the contracts signed between the customers and the Group in the future. The Group will recognize the expected revenue when the product is accepted, or when the service is rendering, which is expected to be realized in the next 12 to 60 months.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by the business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

— GNSS chips, modules and solutions business: this segment engaged in design and sales of GNSS chips and modules including providing customized deformation monitoring solutions;

— Comprehensive chips and modules business: this segment engaged in distribution of communication baseband chips, storage chip modules, radio frequency chips and certain other products.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets consist primarily of property, plant and equipment, intangible assets, goodwill, trade and other receivables, contract assets, inventories and contract costs, cash and cash equivalents, restricted cash and other current assets with the exception of deferred tax assets. Segment liabilities include provisions, trade and other payables, deferred income, lease liabilities, contract liabilities, bank loans and other borrowing with the exception of deferred tax liabilities and current taxation.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA", i.e. "adjusted earnings before interest, taxes, depreciation and amortization", where "interest" is regarded as including investment income and "depreciation and amortization" is regarded as including impairment loss on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of losses of an associate, other net income, directors' emoluments and **[REDACTED]** expenses.

(i) Segment results, assets and liabilities

	GNSS chips, modules and solutions business			Comprehensive chips and modules business			Total		
	Years ended 31 December			Years ended 31 December			Years ended 31 December		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition									
Point in time	174,371	145,770	219,495	504,564	477,671	602,101	678,935	623,441	821,596
Over time	19,062	21,695	18,690	—	—	—	19,062	21,695	18,690
Reportable segment revenue	193,433	167,465	238,185	504,564	477,671	602,101	697,997	645,136	840,286
Reportable segment (loss)/profit (adjusted EBITDA)	(85,599)	(128,885)	(118,475)	715	(12,314)	(10,502)	(84,884)	(141,199)	(128,977)
Interest income	10,158	9,318	8,126	470	3,913	2,953	10,628	13,231	11,079
Interest expense	(2,356)	(2,333)	(1,676)	(4)	(64)	(56)	(2,360)	(2,397)	(1,732)
Depreciation and amortisation	(40,512)	(36,209)	(40,240)	(3)	(211)	(129)	(40,515)	(36,420)	(40,369)
Impairment loss on non-current assets	—	(128,872)	—	—	—	—	—	(128,872)	—
Reportable segment assets	1,479,711	1,199,312	1,111,852	167,209	234,176	270,633	1,646,920	1,433,488	1,382,485
Reportable segment liabilities	(175,055)	(168,915)	(203,887)	(140,899)	(205,351)	(242,444)	(315,954)	(374,266)	(446,331)

(ii) Reconciliations of reportable segment revenues, profit or loss

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Reportable segment revenue	697,997	645,136	840,286
Losses			
Reportable segment loss	(84,884)	(141,199)	(128,977)
Share of losses of an associate	(1,304)	—	—
Other net income	45,667	32,170	43,466
Depreciation and amortisation	(40,515)	(36,420)	(40,369)
Finance costs	(2,360)	(2,397)	(1,732)
Impairment loss on non-current assets	—	(128,872)	—
Unallocated head office and corporate expenses	(13,065)	(12,426)	(16,191)
Consolidated loss before taxation	(96,461)	(289,144)	(143,803)

(iii) Reconciliations of reportable segment assets and liabilities

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Reportable segment assets	1,646,920	1,433,488	1,382,485
Elimination of inter-segment receivables	(124,281)	(148,810)	(157,026)
Deferred tax assets	6,391	5,045	6,134
Consolidated total assets	1,529,030	1,289,723	1,231,593
Liabilities			
Reportable segment liabilities	315,954	374,266	446,331
Elimination of inter-segment payables	(124,281)	(148,810)	(157,026)
Current taxation	1,444	84	21
Deferred tax liabilities	6,453	4,878	3,432
Consolidated total liabilities	199,570	230,418	292,758

(iv) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided, or the goods were delivered.

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	403,530	272,563	412,220
Hong Kong	288,426	367,537	424,227
Other countries	6,041	5,036	3,839
	697,997	645,136	840,286

As substantially all of the Group's non-current assets are mainly in the Chinese Mainland, no geographic information is presented.

5 Other net income

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	19,498	13,157	27,843
Interest income from bank deposits	10,628	13,231	11,079
Investment income from wealth management banking products	5,762	7,203	6,396
Gain on remeasurement of equity interests in the step acquisition of a subsidiary *(Note 29)*	8,804	—	—
Net (loss)/gain on sale of property, plant and equipment	(194)	(89)	109
Net foreign exchange gain/(loss)	307	(1,196)	(2,360)
Others	862	(136)	399
	45,667	32,170	43,466

6 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense *(Note 18(d))*	1,475	1,331	844
Interest on lease liabilities *(Note 11(b))*	885	1,066	888
	2,360	2,397	1,732

(b) Staff costs

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	135,329	142,099	133,892
Equity-settled share-based payment expenses *(Note 23)*	6,542	14,798	16,628
Contributions to defined contribution retirement plan	8,552	12,515	12,527
Termination benefits	806	1,728	3,596
	151,229	171,140	166,643

(c) Other items

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible assets *(Note 12)*.	22,105	14,238	16,107
Depreciation *(Note 11)*	18,410	22,182	24,262
	40,515	36,420	40,369
Impairment loss on non-current assets.	—	(128,872)	—
Reversal/(recognition) of impairment loss on trade and other receivables	834	(8,492)	(14,509)
	834	(137,364)	(14,509)
Cost of inventories *(Note 15(a))*	559,183	529,311	698,510
Research and development costs	102,711	109,783	118,111
Lease expense relating to short-term leases and low-value assets *(Note 11(b))*	3,162	2,058	674
Auditor's remuneration	265	212	239
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

7 Income tax in the consolidated statements of profit or loss

(a) Taxation in the consolidated statements of profit or loss represents:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	146	17	24
Over-provision in respect of prior years . . .	(10)	(16)	(23)
	136	1	1
Deferred tax			
Origination and reversal of temporary differences.	(3,985)	(229)	(2,535)
	(3,849)	(228)	(2,534)

The Company and its subsidiaries in Chinese Mainland are subject to PRC corporate income tax ("**CIT**") at the statutory tax rate of 25%.

In accordance with relevant rules and regulations of CIT in the PRC, the Company and three subsidiaries of the Group, namely Allystar Technology (Beijing) Co., Ltd., Shanghai Medo Surveying and Mapping Technology Co., Ltd. and Yunshang Medo (Guizhou) Technology Co., Ltd. were entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 75% of the qualified research and development costs could be deemed as deductible expenses during the period from 1 January 2022 to 30 September 2022 and 100% for the rest period of Track Record Period.

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to Allystar Technology Co. Limited in any year of assessment commencing on or after 1 April 2018. Under the two-tiered Profits tax rates regime, the first HK$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	(96,461)	(289,144)	(143,803)
Calculated at the rates applicable to loss in the jurisdictions concerned	(23,498)	(72,042)	(35,534)
Tax effect of preferential tax treatments	8,801	28,255	13,323
Additional deduction for research and development costs	(12,439)	(12,684)	(11,420)
Tax effect of non-deductible expenses	1,634	20,173	1,462
Tax effect of non-taxable income	(1,364)	(713)	(1,975)
Tax effect of unused tax losses and deductible temporary differences not recognized	24,332	36,887	32,095
Tax effect of utilization of tax losses and deductible temporary differences not recognized in previous years	(1,305)	(88)	(462)
Over-provision in respect of prior years	(10)	(16)	(23)
Actual tax expense	(3,849)	(228)	(2,534)

8 Directors' emoluments

Directors' emoluments during the Track Record Period are as follows:

	Year ended 31 December 2022						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Director							
Mr. Sun Zhongliang (ii)	—	1,713	934	141	2,788	3,109	5,897
Mr. Zeng Yifen (iii)	—	1,873	—	42	1,915	—	1,915
Mr. Wang Tianjiu (iv)	—	1,001	1,000	64	2,065	747	2,812
Mr. Duan Yu (v)	—	—	—	—	—	—	—
Non-executive directors							
Mr. Li Qian	—	—	—	—	—	—	—
Mr. Duan Xiaojian	—	—	—	—	—	—	—
Ms. Lin Ying	—	—	—	—	—	—	—
Ms. Guo Jinxiang (vi)	—	—	—	—	—	—	—
Independent directors							
Mr. Gao Jianming (vii)	100	—	—	—	100	—	100
Mr. Tang Xiaofeng (viii)	100	—	—	—	100	—	100
Independent non-executive director							
Ms. Wang Changying	100	—	—	—	100	—	100
	300	4,587	1,934	247	7,068	3,856	10,924

	Year ended 31 December 2023						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Sun Zhongliang (ii)	—	1,768	—	81	1,849	4,514	6,363
Mr. Lu Wei (ix)	—	199	—	4	203	—	203
Mr. Wang Tianjiu (iv)	—	1,001	—	69	1,070	1,637	2,707
Non-executive directors							
Mr. Li Qian	—	—	—	—	—	—	—
Mr. Duan Xiaojian	—	—	—	—	—	—	—
Ms. Lin Ying	—	—	—	—	—	—	—
Ms. Guo Jinxiang (vi)	—	—	—	—	—	—	—
Independent directors							
Mr. Gao Jianming (vii)	100	—	—	—	100	—	100
Mr. Tang Xiaofeng (viii)	100	—	—	—	100	—	100
Independent non-executive director							
Ms. Wang Changying	100	—	—	—	100	—	100
	300	2,968	—	154	3,422	6,151	9,573

	Year ended 31 December 2024						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Sun Zhongliang (ii)	—	1,785	1,643	81	3,509	4,495	8,004
Mr. Lu Wei (ix)	—	1,577	1,369	52	2,998	—	2,998
Non-executive directors							
Mr. Li Qian	—	—	—	—	—	—	—
Mr. Duan Xiaojian	—	—	—	—	—	—	—
Ms. Lin Ying	—	—	—	—	—	—	—
Ms. Guo Jinxiang (vi)	—	—	—	—	—	—	—
Independent directors							
Mr. Gao Jianming (vii)	100	—	—	—	100	—	100
Mr. Tang Xiaofeng (viii)	100	—	—	—	100	—	100
Independent non-executive director							
Ms. Wang Changying	100	—	—	—	100	—	100
	300	3,362	3,012	133	6,807	4,495	11,302

(i) The details of these benefits in kind, including the principal terms and number of award granted, are disclosed in Note 23.

(ii) Mr. Sun Zhongliang has served a director of the Company since 6 December 2016 and was re-designated as an executive director in May 2025.

(iii) Mr. Zeng Yifen removed from his position as a director with effect from 24 June 2022.

(iv) Mr. Wang Tianjiu resigned from his position as a director with effect from 30 November 2023.

(v) Mr. Duan Yu resigned from his position as a director with effect from 23 January 2022.

(vi) Ms. Guo Jinxiang was appointed as a non-executive director with effect from 24 January 2022 and was re-designated as a non-executive director in May 2025.

(vii) Mr. Gao Jianming retired as an Independent director with effect from 28 May 2025.

(viii) Mr. Tang Xiaofeng retired as an Independent director with effect from 28 May 2025.

(ix) Mr. Lu Wei was appointed as a director with effect from 1 December 2023 and was re-designated as an executive director in May 2025.

During the Track Record Period, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Individuals with highest emoluments

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024 included three, two and two directors respectively, details of whose remuneration are set out in Note 8 above.

Details of the remuneration for the remaining two, three and three highest paid employees who are not directors of the Company during the years ended 31 December 2022, 2023 and 2024 are as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	2,016	3,304	3,419
Discretionary bonuses	980	1,395	1,415
Retirement scheme contributions	84	160	162
Equity compensation benefits	81	81	136
	3,161	4,940	5,132

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
	Number of individuals	*Number of individuals*	*Number of individuals*
HKD1,000,001–HKD1,500,000	—	1	—
HKD1,500,001–HKD2,000,000	2	2	3
	2	3	3

10 Loss per share

(a) Basic loss per share

The calculations of basic loss per share are based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
Loss for the year attributable to ordinary equity shareholders of the Company *(RMB'000)*	(88,456)	(264,687)	(119,422)
Weighted-average number of ordinary shares *('000)*	858,661	863,041	863,041
Basic loss per share *(RMB per share)*	(0.10)	(0.31)	(0.14)

The weighted average number of ordinary shares is calculated as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
	'000	*'000*	*'000*
Issued ordinary shares at 1 January	796,447	863,041	863,041
Effect of share issuance	62,214	—	—
Weighted average number of ordinary shares at 31 December	858,661	863,041	863,041

(b) Diluted loss per share

During the Track Record Period, the share-based arrangements (Note 23) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, the diluted loss per share were the same as the basic loss per share.

11 Property, plant and equipment

(a) Reconciliation of carrying amount

The Group

	Ownership interests in buildings held for own use	Properties leased for own use	Plant, machinery and equipment	Motor Vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2022	—	28,907	33,800	856	3,139	66,702
Acquisition of a subsidiary *(Note 29)*	—	291	1,331	415	—	2,037
Additions	40,354	2,879	3,610	472	3,072	50,387
Disposals	—	(6,992)	(2,382)	(87)	(613)	(10,074)
Exchange adjustments	—	220	338	—	41	599
At 31 December 2022 and 1 January 2023	40,354	25,305	36,697	1,656	5,639	109,651
Additions	—	20,137	14,648	—	633	35,418
Disposals	—	(5,042)	(3,137)	(268)	—	(8,447)
Exchange adjustments	—	44	54	—	—	98
At 31 December 2023 and 1 January 2024	40,354	40,444	48,262	1,388	6,272	136,720
Additions	—	655	16,894	—	162	17,711
Disposals	—	(3,132)	(183)	(184)	—	(3,499)
Exchange adjustments	—	60	79	—	—	139
At 31 December 2024	40,354	38,027	65,052	1,204	6,434	151,071
Accumulated depreciation:						
At 1 January 2022	—	(6,659)	(12,448)	(585)	(298)	(19,990)
Charge for the year *(Note 6(c))*	(673)	(7,373)	(7,867)	(304)	(2,193)	(18,410)
Written back on disposals	—	5,367	1,594	87	613	7,661
Exchange adjustments	—	(119)	(95)	—	(4)	(218)
At 31 December 2022 and 1 January 2023	(673)	(8,784)	(18,816)	(802)	(1,882)	(30,957)
Charge for the year *(Note 6(c))*	(2,018)	(9,689)	(8,328)	(291)	(1,856)	(22,182)
Written back on disposals	—	4,434	2,574	254	—	7,262
Exchange adjustments	—	(26)	(26)	—	—	(52)
At 31 December 2023 and 1 January 2024	(2,691)	(14,065)	(24,596)	(839)	(3,738)	(45,929)
Charge for the year *(Note 6(c))*	(2,018)	(10,682)	(9,247)	(228)	(2,087)	(24,262)
Written back on disposals	—	1,752	167	184	—	2,103
Exchange adjustments	—	(23)	(57)	—	—	(80)
At 31 December 2024	(4,709)	(23,018)	(33,733)	(883)	(5,825)	(68,168)
Net book value:						
At 31 December 2022	39,681	16,521	17,881	854	3,757	78,694
At 31 December 2023	37,663	26,379	23,666	549	2,534	90,791
At 31 December 2024	35,645	15,009	31,319	321	609	82,903

The Company

	Properties leased for own use	Plant, machinery and equipment	Motor Vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2022	21,777	27,127	611	2,419	51,934
Additions	219	2,747	—	2,364	5,330
Disposals	(2,437)	(880)	—	—	(3,317)
At 31 December 2022 and 1 January 2023	19,559	28,994	611	4,783	53,947
Additions	4,719	13,514	—	71	18,304
Disposals	(2,418)	(3,042)	—	—	(5,460)
At 31 December 2023 and 1 January 2024	21,860	39,466	611	4,854	66,791
Additions	655	16,800	—	118	17,573
Disposals	(2,242)	(122)	—	—	(2,364)
At 31 December 2024	20,273	56,144	611	4,972	82,000
Accumulated depreciation and amortization:					
At 1 January 2022	(2,821)	(11,118)	(417)	(138)	(14,494)
Charge for the year	(4,338)	(5,832)	(116)	(1,459)	(11,745)
Written back on disposals	677	747	—	—	1,424
At 31 December 2022 and 1 January 2023	(6,482)	(16,203)	(533)	(1,597)	(24,815)
Charge for the year	(5,079)	(6,363)	(52)	(1,446)	(12,940)
Written back on disposals	1,810	2,535	—	—	4,345
At 31 December 2023 and 1 January 2024	(9,751)	(20,031)	(585)	(3,043)	(33,410)
Charge for the year	(5,084)	(7,376)	(26)	(1,602)	(14,088)
Written back on disposals	1,413	113	—	—	1,526
At 31 December 2024	(13,422)	(27,294)	(611)	(4,645)	(45,972)
Net book value:					
At 31 December 2022	13,077	12,791	78	3,186	29,132
At 31 December 2023	12,109	19,435	26	1,811	33,381
At 31 December 2024	6,851	28,850	—	327	36,028

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Included in "Property, plant and equipment":			
Properties leased for own use, carried at depreciated cost	16,521	26,379	15,009

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Properties leased for own use	7,373	9,689	10,682
Interest on lease liabilities *(Note 6(a))*	885	1,066	888
Expense relating to short-term leases	2,387	1,597	438
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	775	461	236
COVID-19-related rent concessions received *(Note 18(c))*	(352)	—	—

During the Track Record Period additions to right-of-use assets were RMB3,170,000, RMB20,137,000 and RMB655,000, respectively. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 18(e), 21 and 27(b), respectively.

The Group applied the practical expedient in paragraph 46A of IFRS 16 to all eligible rent concessions received by the Group in 2022.

12 Intangible assets

The Group

	Software	Patents and trademarks	Unfinished orders	Customer Relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2022	26,998	18,000	—	—	44,998
Additions					
— Acquisitions of a subsidiary *(Note 29)*	—	18,417	10,300	26,000	54,717
— Purchase	5,619	—	—	—	5,619
Disposals	(202)	—	—	—	(202)
Exchange differences	15	—	—	—	15
At 31 December 2022 and 1 January 2023	32,430	36,417	10,300	26,000	105,147
Additions					
— Purchase	32	—	—	—	32
Disposals	(274)	—	—	—	(274)
Exchange differences	3	—	—	—	3
At 31 December 2023 and 1 January 2024	32,191	36,417	10,300	26,000	104,908
Additions					
— Purchase	8,895	—	—	—	8,895
Disposals	(579)	—	—	—	(579)
Exchange differences	5	—	—	—	5
At 31 December 2024	40,512	36,417	10,300	26,000	113,229

	Software	Patents and trademarks	Unfinished orders	Customer Relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortization:					
At 1 January 2022	(7,826)	(11,107)	—	—	(18,933)
Charge for the year *(Note 6(c))*	(3,517)	(5,174)	(9,442)	(3,972)	(22,105)
Written back on disposals	202	—	—	—	202
Exchange differences	(15)	—	—	—	(15)
At 31 December 2022 and 1 January 2023	(11,156)	(16,281)	(9,442)	(3,972)	(40,851)
Charge for the year *(Note 6(c))*	(3,739)	(5,308)	(858)	(4,333)	(14,238)
Written back on disposals	274	—	—	—	274
Exchange differences	(3)	—	—	—	(3)
At 31 December 2023 and 1 January 2024	(14,624)	(21,589)	(10,300)	(8,305)	(54,818)
Charge for the year *(Note 6(c))*	(6,466)	(5,308)	—	(4,333)	(16,107)
Written back on disposals	579	—	—	—	579
Exchange differences	(4)	—	—	—	(4)
At 31 December 2024	(20,515)	(26,897)	(10,300)	(12,638)	(70,350)
Net book value:					
At 31 December 2022	21,274	20,136	858	22,028	64,296
At 31 December 2023	17,567	14,828	—	17,695	50,090
At 31 December 2024	19,997	9,520	—	13,362	42,879

The amortization charge during the Track Record Period is included in cost of sales, administrative expenses, research and development costs and selling and distribution expenses in the consolidated statements of profit or loss and other comprehensive income.

The Company

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	26,298	18,000	44,298
Additions			
— Purchase	5,397	—	5,397
Disposals	(202)	—	(202)
At 31 December 2022 and 1 January 2023	31,493	18,000	49,493
Additions			
— Purchase	32	—	32
Disposals	(274)	—	(274)
At 31 December 2023 and 1 January 2024	31,251	18,000	49,251
Additions			
— Purchase	8,895	—	8,895
Disposals	(579)	—	(579)
At 31 December 2024	39,567	18,000	57,567
Accumulated amortization:			
At 1 January 2022	(7,232)	(11,106)	(18,338)
Charge for the year	(3,477)	(2,298)	(5,775)
Written back on disposals	202	—	202
At 31 December 2022 and 1 January 2023	(10,507)	(13,404)	(23,911)
Charge for the year	(3,664)	(2,298)	(5,962)
Written back on disposals	274	—	274
At 31 December 2023 and 1 January 2024	(13,897)	(15,702)	(29,599)
Charge for the year	(6,391)	(2,298)	(8,689)
Written back on disposals	579	—	579
At 31 December 2024	(19,709)	(18,000)	(37,709)
Net book value:			
At 31 December 2022	20,986	4,596	25,582
At 31 December 2023	17,354	2,298	19,652
At 31 December 2024	19,858	—	19,858

13 Goodwill

The Group

	Satellite Navigation Business[(i)]	Medo[(ii)]	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	81,170	—	81,170
Additions	–	128,872	128,872
At 31 December 2022, 2023 and 2024	81,170	128,872	210,042
Impairment losses:			
At 1 January 2022, 31 December 2022 and 1 January 2023	—	—	—
Impairment loss *(Note 6(c))*	–	(128,872)	(128,872)
At 31 December 2023 and 1 January 2024	—	(128,872)	(128,872)
Impairment loss	–	—	—
At 31 December 2024	–	(128,872)	(128,872)
Net book value:			
At 31 December 2022	81,170	128,872	210,042
At 31 December 2023	81,170	—	81,170
At 31 December 2024	81,170	—	81,170

(i) In 2017, the Company paid a consideration of RMB100,000,000 to acquire the satellite navigation business from 北京中電華大電子設計有限責任公司 ("**Satellite Navigation Business**"), which was integrated to GNSS chips and modules business segment of the Group. The consideration exceeded fair value of the identifiable assets and liabilities of the Satellite Navigation Business by RMB81,170,000, which was recognized as goodwill.

(ii) On 18 February 2022, the Company legally held 51% equity interests in Medo at a total consideration of RMB215,450,000 after the step acquisition (Note 29). The consideration exceeded fair value of 54.90% identifiable assets and liabilities of Medo by RMB128,872,000, which was recognized as goodwill.

The Company

	Satellite Navigation Business
	RMB'000
Cost:	
At 1 January 2022, 31 December 2022, 2023 and 2024	81,170
Net book value:	
At 31 December 2022	81,170
At 31 December 2023	81,170
At 31 December 2024	81,170

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Medo	128,872	—	—
Satellite Navigation Business	81,170	81,170	81,170
	210,042	81,170	81,170

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the forecast period are extrapolated using the growth rate with reference to the long-term inflation rate. The key assumptions used in estimating the recoverable amount are as follows:

Medo

	As at 31 December		
	2022	**2023**	**2024**
Annual revenue growth rate	13%–58%	9%–46%	N/A
Gross profit margin	35%–43%	29%–38%	N/A
Growth rate beyond the forecast period	3%	2%	N/A
Pre-tax discount rate	16.5%	15.6%	N/A

Satellite Navigation Business

	As at 31 December		
	2022	**2023**	**2024**
Annual revenue growth rate	11%–36%	10%–46%	9%–20%
Gross profit margin	14%–36%	8%–16%	8%–24%
Growth rate beyond the forecast period	3%	2%	2%
Pre-tax discount rate	14.8%	13.6%	14.3%

The impairment loss of RMB128,872,000 of goodwill recognised in "impairment loss on non-current assets" during the year ended 31 December 2023 related to Medo. As Medo has been reduced to its recoverable amount of RMB95,000,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The following table sets forth the hypothetical changes to the percentage points of annual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2022, 2023 and 2024:

	As at 31 December		
	2022	**2023**	**2024**
Medo			
Decrease in annual revenue growth rate . . .	6.5%	N/A	N/A
Increase in discount rate	1.9%	N/A	N/A
Satellite Navigation Business			
Decrease in annual revenue growth rate . . .	34.9%	5.2%	15.5%
Increase in discount rate	21.2%	5.6%	9.7%

The management believes that, except for the annual revenue growth rate for the year ended 31 December 2023, any reasonably possible change in any of these assumptions would not cause the carrying amount of Satellite Navigation Business to exceed the recoverable amount of Satellite Navigation Business for the year ended 31 December 2022, 2023 and 2024.

In regards to the impairment test of Medo for the year ended 31 December 2022, except for the discount rate, the management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Medo to exceed its recoverable amount.

14 Investments in subsidiaries

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	527,780	478,660	490,438

Details of the subsidiaries are set forth in Note 1.

The following table lists out the information relating to Medo, the subsidiary of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage	42.15%	42.15%	42.15%
Current assets	183,292	136,184	128,625
Non-current assets	14,731	21,466	21,135
Current liabilities	(76,970)	(79,661)	(119,135)
Non-current liabilities	(5,369)	(8,684)	(3,140)
Net assets	115,684	69,305	27,485
Intangible assets and deferred tax liabilities arising from step acquisition *(Note 29)*	32,663	25,691	19,450
Carrying amount of NCI	62,531	40,043	19,784
Revenue	108,268	67,443	98,531
Profits/(losses)	4,237	(49,890)	(46,013)
Total comprehensive income	4,237	(49,890)	(46,013)
Amortisation of intangible assets and reversal of deferred tax liabilities arising from step acquisition *(Note 29)*	(13,747)	(6,971)	(6,242)
Losses allocated to NCI	(4,009)	(23,968)	(22,027)
Cash flows from operating activities	(57,201)	(41,720)	(18,707)
Cash flows from investing activities	(855)	(424)	(83)
Cash flows from financing activities	117,674	6,533	(4,384)

15 Inventories and contract costs

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
— Raw materials	19,305	14,806	8,718
— Work in progress	27,063	19,247	13,514
— Finished goods	42,647	58,773	43,464
	89,015	92,826	65,696
Contract costs	4,344	3,837	5,232
	93,359	96,663	70,928

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
— Raw materials	11,011	8,527	3,926
— Work in progress	18,772	12,775	10,349
— Finished goods	16,266	8,988	10,721
	46,049	30,290	24,996
Contract costs	125	—	—
	46,174	30,290	24,996

(a) The analysis of the amount of inventories recognised as cost of sales and included in profit or loss is as follows:

The Group

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	559,734	530,294	698,435
(Reversal)/recognition of write down of inventories	(551)	(983)	75
	559,183	529,311	698,510

The Company

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	27,467	35,650	69,002
(Reversal)/recognition of write down of inventories	(551)	(983)	75
	26,916	34,667	69,077

(b) Contract costs

The Group's contract cost are mainly caused by service contracts relating to GNSS chips, modules and solutions business. Contract costs will recognized as part of "cost of sales" in the consolidated statements of profit or loss in the period in which revenue from the related sales is recognized. There was no impairment in relation to the balance of contract costs during the Track Record Period.

Contract costs are expected to be recovered within one year.

16 Contract assets and contract liabilities

(a) Contract assets

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Arising from performance under made-to-order product contracts			
— Current	1,960	812	811
— Non-current	229	949	3,189
	2,189	1,761	4,000
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 17)*	188,769	184,059	222,333

The amounts represent the Group's rights to considerations from customers for the provision of GNSS chips, modules and solution business, which arise when the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a certain period after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

(b) Contract liabilities

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance under goods contracts			
— Current	9,038	25,502	61,041
— Non-current	3,686	2,198	1,125
	12,724	27,700	62,166

The Group receives a certain portion deposit from customers when they sign the sale and purchase agreement. This gives rise to contract liabilities at the start of a sales order, until the revenue recognized on the corresponding sale order exceeds the amount of payments received in advance.

Movements in contract liabilities

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	3,536	12,724	27,700
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(10,419)	(9,038)	(25,502)
Increase in contract liabilities as a result of billings in advance of performance under contracts	6,896	24,014	59,968
Increase from acquisition of a subsidiary	12,711	—	—
At 31 December	12,724	27,700	62,166

As at 31 December 2022, 2023 and 2024, the amount of contract liabilities expected to be recognised as income after more than one year is RMB3,686,000, RMB2,198,000 and RMB1,125,000, respectively. All of the other contract liabilities are expected to be recognised as income within one year.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance under goods contracts			
— Current	643	435	15,006

Movements in contract liabilities

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	481	643	435
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(481)	(643)	(435)
Increase in contract liabilities as a result of billings in advance of performance under goods contracts	643	435	15,006
At 31 December	643	435	15,006

17 Trade and other receivables

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance			
— Third parties	188,769	184,059	206,470
— Related party	—	—	15,863
Bills receivables	802	8,886	17,650
Prepayment for purchase of chipsets, raw materials and service	35,042	23,332	95,552
Other receivables	2,160	2,303	5,523
	226,773	218,580	341,058
Non-current			
Guarantee deposits	8,380	8,696	8,610
Rental deposits	2,447	2,801	2,848
Prepayment for purchase of plant, property and equipment	379	14,438	490
	11,206	25,935	11,948
Total	237,979	244,515	353,006

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance			
— Third parties	45,751	34,330	11,174
— Subsidiaries	5,433	6,910	13,913
— Related party	—	—	15,863
Bills receivables	548	5,203	9,106
Prepayment for purchase of chipsets, raw materials and service	17,739	11,204	26,605
Other receivables	68,161	99,243	123,636
	137,632	156,890	200,297
Non-current			
Rental deposits	1,326	1,334	1,366
Prepayment for purchase of plant, property and equipment	175	14,166	227
	1,501	15,500	1,593
Total	139,133	172,390	201,890

Trade receivables, net of loss allowance, and bills receivables, represent amounts in connection with the sales of products or services due from customers.

Guarantee deposits were provided as retention money for securing the due performance and observance of the Group's obligations under the contracts. Guarantee deposits will be released upon completion of the contract work for the relevant customers. Rental deposits are typically paid for leased properties, which are refundable after the expiry of the leases.

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	179,854	157,488	185,531
1 to 2 years	7,118	24,256	29,696
2 to 3 years	1,797	2,315	7,106
	188,769	184,059	222,333

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	51,083	35,492	38,089
1 to 2 years	101	5,748	472
2 to 3 years	—	—	2,389
	51,184	41,240	40,950

The Group usually extend credit to certain creditworthy customers. The Group generally allow credit terms which typically ranged between 0 to 90 days from the invoice date for trade receivables and bills receivable. Further details on the Group's credit policy and credit risk arising from trade receivables and bills receivable are set out in Note 27(a).

18 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	833,234	714,233	584,038
Less: restricted cash	1,934	1,455	12,460
Cash and cash equivalents in the consolidated statements of cash flows	831,300	712,778	571,578

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	634,229	428,726	333,282

(b) Restricted cash

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Bank deposits pledged for the issuance of performance guarantee	1,934	1,455	865
Bank deposits pledged for the issuance of bills payable	—	—	11,595
	1,934	1,455	12,460

(c) Reconciliation of loss before taxation to cash used in operations

		Years ended 31 December		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Loss before taxation		(96,461)	(289,144)	(143,803)
Adjustments for:				
Depreciation	*6(c)*	18,410	22,182	24,262
Amortisation of intangible assets	*6(c)*	22,105	14,238	16,107
(Reversal)/recognition of impairment loss on trade and other receivables	*6(c)*	(834)	8,492	14,509
Impairment loss on non-current assets	*6(c)*	—	128,872	—
Finance costs	*6(a)*	2,360	2,397	1,732
Interest income	*5*	(10,628)	(13,231)	(11,079)
Investment income from wealth management banking products	*5*	(5,762)	(7,203)	(6,396)
Gain on remeasurement of equity interests in the step acquisition of a subsidiary	*5*	(8,804)	—	—
Share of losses of an associate		1,304	—	—
Net loss/(gain) on sale of property, plant and equipment	*5*	194	89	(109)
Equity-settled share-based payment expenses	*6(b)*	6,542	14,798	16,628
COVID-19-related rent concessions received	*11(b)*	(352)	—	—
Foreign exchange (gain)/loss	*5*	(307)	1,196	2,360
Changes in working capital:				
(Increase)/decrease in inventories and contract costs		(8,141)	(2,954)	25,735
(Increase)/decrease in contract assets		(820)	428	(2,239)
Decrease/(increase) in trade and other receivables		1,895	(1,140)	(137,978)
(Decrease)/increase in trade and other payables		(8,593)	2,810	36,276
(Decrease)/increase in contract liabilities		(3,543)	13,615	34,466
Increase/(decrease) in deferred income		11,878	(1,593)	(11,897)
(Decrease)/increase in provisions		(108)	301	249
Cash used in operations		(79,665)	(105,847)	(141,177)

(d) Reconciliation of liabilities arising from financing activities

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 20)	*(Note 21)*	
At 1 January 2022	76,539	22,369	98,908
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(115,925)	—	(115,925)
Proceeds from bank loans and other borrowing	38,900	—	38,900
Borrowing costs paid	(1,485)	—	(1,485)
Capital element of lease rentals paid	—	(7,616)	(7,616)
Interest element of lease rentals paid	—	(885)	(885)
Total changes from financing cash flows	(78,510)	(8,501)	(87,011)
Exchange adjustments	(3,057)	247	(2,810)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	2,879	2,879
Increase in lease liabilities from acquisition of subsidiaries	—	263	263
Decrease in lease liabilities from ceasing leases contract during the year	—	(1,412)	(1,412)
Increase in bank loans and other borrowing from acquisition of a subsidiary	33,475	—	33,475
Interest expenses *(Note 6(a))*	1,475	885	2,360
Total other changes	34,950	2,615	37,565
At 31 December 2022	29,922	16,730	46,652

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 20)	*(Note 21)*	
At 1 January 2023	29,922	16,730	46,652
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(29,900)	—	(29,900)
Proceeds from bank loans and other borrowing	36,900	—	36,900
Borrowing costs paid	(1,312)	—	(1,312)
Capital element of lease rentals paid	—	(8,791)	(8,791)
Interest element of lease rentals paid	—	(1,066)	(1,066)
Total changes from financing cash flows	5,688	(9,857)	(4,169)
Exchange adjustments	—	8	8
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	20,137	20,137
Decrease in lease liabilities from ceasing leases contract during the year	—	(682)	(682)
Interest expenses *(Note 6(a))*	1,331	1,066	2,397
Total other changes	1,331	20,521	21,852
At 31 December 2023	36,941	27,402	64,343

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 20)	*(Note 21)*	
At 1 January 2024	36,941	27,402	64,343
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(41,900)	—	(41,900)
Proceeds from bank loans and other borrowing	50,723	—	50,723
Borrowing costs paid	(853)	—	(853)
Capital element of lease rentals paid	—	(10,772)	(10,772)
Interest element of lease rentals paid	—	(888)	(888)
Total changes from financing cash flows	7,970	(11,660)	(3,690)
Exchange adjustments	—	6	6
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	655	655
Decrease in lease liabilities from ceasing leases contract during the year	—	(1,140)	(1,140)
Interest expenses *(Note 6(a))*	844	888	1,732
Total other changes	844	403	1,247
At 31 December 2024	45,755	16,151	61,906

(e) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	3,162	2,058	674
Within financing cash flows	8,501	9,857	11,660
	11,663	11,915	12,334
Rentals paid	11,663	11,915	12,334

19 Trade and other payables

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	46,052	42,743	69,577
Accrued staff costs	24,238	19,040	22,225
Other payables and accrued charges	19,449	23,240	22,695
Refund liabilities	815	7,859	10,258
Bills payables	—	—	11,595
	90,554	92,882	136,350

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	43,878	38,679	60,310
1 to 2 years	1,303	2,890	7,166
2 to 3 years	169	382	956
More than 3 years	702	792	1,145
	46,052	42,743	69,577

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries	71,576	68,894	57,942
Trade payables	15,463	4,767	5,630
Accrued staff costs	5,840	3,925	7,383
Other payables and accrued charges	4,289	13,440	6,655
Refund liabilities	815	7,859	10,258
Bills payables	—	—	15,000
	97,983	98,885	102,868

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	15,290	4,563	5,397
1 to 2 years	17	31	30
2 to 3 years	5	17	31
More than 3 years	151	156	172
	15,463	4,767	5,630

20 Bank loans and other borrowing

At 31 December 2022, 2023 and 2024, the carrying amount of bank loans and other borrowing were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank loans			
— Guaranteed and unsecured	24,922	5,006	5,005
— Unguaranteed and unsecured	5,000	31,935	26,067
Discounted letter of credit			
— Unguaranteed and unsecured	—	—	14,683
	29,922	36,941	45,755

During the Track Record Period, the guaranteed and unsecured loans of the Group were guaranteed by a local government institution in Shanghai and two related persons of a subsidiary, one of them was the director of the subsidiary.

21 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

The Group

	As at 31 December					
	2022		2023		2024	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000		*RMB'000*		*RMB'000*	
Within 1 year	4,558	5,271	10,911	11,735	11,347	11,530
After 1 year but within 2 years	4,399	4,902	11,593	11,763	4,314	4,386
After 2 years but within 5 years	7,535	7,918	4,592	4,699	281	330
After 5 years	238	250	306	330	209	220
	12,172	13,070	16,491	16,792	4,804	4,936
	16,730	18,341	27,402	28,527	16,151	16,466
Less: total future interest expenses		(1,611)		(1,125)		(315)
Present value of lease liabilities		16,730		27,402		16,151

The Company

	AS at 31 December					
	2022		2023		2024	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000		*RMB'000*		*RMB'000*	
Within 1 year	3,681	4,304	5,286	5,801	5,591	5,835
After 1 year but within 2 years	4,009	4,443	5,818	6,072	2,266	2,293
After 2 years but within 5 years	6,451	6,698	2,240	2,266	—	—
After 5 years	30	30	—	—	—	—
	10,490	11,171	8,058	8,338	2,266	2,293
	14,171	15,475	13,344	14,139	7,857	8,128
Less: total future interest expenses		(1,304)		(795)		(271)
Present value of lease liabilities		14,171		13,344		7,857

22 Deferred income

The Group/The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants	40,740	39,227	27,330

23 Share-based arrangements

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Allystar Employee Incentive Scheme(i)	6,542	13,476	15,654
Medo Employee Incentive Scheme(ii)	—	1,322	974
	6,542	14,798	16,628

(i) Allystar Employee Incentive Scheme

The Group has adopted an employee incentive scheme in 2018 (the "**Allystar Employee Incentive Scheme**"). The purpose is to provide incentives and rewards to eligible participants for their contribution or potential contribution to continue leading the future success of the Group.

In connection with the Allystar Employee Incentive Scheme, three employee incentive platforms ("**the EIP**") have been established in the PRC as employee incentive platform.

Eligible participants as approved may subscribe for the limited partnership interests in the EIP ("**Restricted Shares**"). The Restricted Shares shall be entitled to all the economic interests relating to their respective Restricted Shares, except that the Restricted Shares shall be subject to certain transfer and disposal restrictions.

Fair value of the Restricted Shares is measured with reference to the transaction price of the Company's share capital completed in a short period of time before the Restricted Shares granted. Service conditions attached to the arrangements were not taken into account in measuring fair value.

Pursuant to the vesting condition of the Allystar Employee Incentive Scheme, the share granted prior to the **[REDACTED]** is restricted for trading upon the **[REDACTED]**, and such restriction is subject to the listing rules of the respective jurisdiction. Due to the changes in **[REDACTED]** plan, the Group simultaneously changed accounting estimate regarding the duration of trading restriction period of the Scheme from 3 years to 1 year from **[REDACTED]**, with an increase of RMB3,008,000 to consolidated statements of profit or loss and other comprehensive income in 2024.

Movements in the number of the Restricted Shares granted to directors and employees are as follows:

	Years ended 31 December		
	2022	2023	2024
	'000	*'000*	*'000*
Outstanding at the beginning of the year			
— Directors	29,080	28,600	23,540
— Employees	34,350	33,940	39,000
Granted during the period			
— Directors	1,520	—	—
— Employees	7,000	7,710	2,750
Forfeited during the period			
— Directors	(2,000)	(5,060)	(3,060)
— Employees	(7,410)	(2,650)	(3,420)
Outstanding at the end of the year			
— Directors	28,600	23,540	20,480
— Employees	33,940	39,000	38,330

(ii) Medo Employee Incentive Scheme

Medo has adopted an employee incentive scheme on 29 January 2021 (the "**Medo Employee Incentive Scheme**"). The purpose is to provide incentives and rewards to eligible participants for their contribution or potential contribution to continue leading the future success of Medo.

In connection with the Medo Employee Incentive Scheme, the Medo EIP has been established as the shareholding platform to settle Medo's obligations under the Medo Employee Incentive Scheme. Since Medo has power to govern the relevant activities of Medo EIP and can derive benefit from the contributions of the eligible employees who are awarded with the shares under the Medo Employee Incentive Scheme, Medo EIP was regarded as a subsidiary of Medo.

As of 31 December 2022, 2023 and 2024, a total of 289,000, 1,439,000 and 1,439,000 restricted shares held by Medo EIP has been granted under the Medo Employee Incentive Scheme. For the year ended 31 December 2022, 2023 and 2024, the fair value of the Medo's employees services received in exchanges for the grant of the restricted shares of Medo is recognized as an expense, with a corresponding credit to equity in consolidated financial statements.

24 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	1,321	1,444	84
Provision for HK Tax for the year	77	—	—
Provision for CIT for the year	69	17	24
Over-provision in respect of prior years	(10)	(16)	(23)
Provisional HK Tax paid	—	(1,351)	(43)
Provisional CIT paid	(13)	(10)	(21)
Balance at the end of the year	1,444	84	21

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

Deferred tax arising from:	Write-down of inventories, loss allowance for ECL and others	Lease liabilities	Deductible tax losses	Right-of-use assets	Assets valuation appreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	14	24	4,921	(307)	(1,033)	3,619
Acquisition of a subsidiary *(Note 29)*	549	20	—	(44)	(8,191)	(7,666)
Credit to profit or loss	243	13	676	282	2,771	3,985
At 31 December 2022 and 1 January 2023	806	57	5,597	(69)	(6,453)	(62)
Credit/(charged) to profit or loss	(461)	1,950	(918)	(1,917)	1,575	229
At 31 December 2023 and 1 January 2024	345	2,007	4,679	(1,986)	(4,878)	167
Credit/(charged) to profit or loss	272	(787)	800	804	1,446	2,535
At 31 December 2024	617	1,220	5,479	(1,182)	(3,432)	2,702

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax asset in the consolidated statement of financial position	6,391	5,045	6,134
Net deferred tax liability in the consolidated statement of financial position	(6,453)	(4,878)	(3,432)
	(62)	167	2,702

(c) Deferred tax assets not recognised

The following table presents the deductible temporary differences and cumulative tax losses as at 31 December 2022, 2023 and 2024 for which the Group did not recognize deferred tax assets as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	93,057	118,933	147,426
Cumulative tax losses	408,183	623,547	793,870
	501,240	742,480	941,296

The expiration information of the Group's cumulative tax losses in respect of which no deferred tax assets is recognized, is set out below:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
2025	—	—	—
2026	1,807	1,532	276
2027	23,060	22,984	22,669
2028	20,402	25,149	25,149
2029	49,579	49,579	55,798
2030	39,637	39,637	39,637
2031 and beyond	273,698	484,666	650,341
Total	408,183	623,547	793,870

25 Provisions

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	—	1,003	1,304
Arising from acquisition of a subsidiary *(Note 29)*	1,110	—	—
Additional provision	1,070	970	1,243
Amounts utilised during the year	(1,177)	(669)	(994)
Balance at 31 December	1,003	1,304	1,553

Under the terms of the Group's sales agreements, the Group offers warranties for its products. Provision arising from GNSS chips, modules and solutions business is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

26 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 between the beginning and the end of each of the years ended 31 December 2022, 2023 and 2024 are set out below:

	Note	Share capital	Capital reserve	Share-based payments reserve	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022		796,447	320,752	15,596	(73,475)	1,059,320
Total comprehensive income		—	—	—	(72,147)	(72,147)
Capital injection	*26(b)(i)*	66,594	269,261	—	—	335,855
Equity-settled share-based transactions		—	—	6,542	—	6,542
Balance at 31 December 2022 and 1 January 2023		863,041	590,013	22,138	(145,622)	1,329,570
Total comprehensive income		—	—	—	(246,605)	(246,605)
Equity-settled share-based transactions		—	—	13,476	—	13,476
Balance at 31 December 2023 and 1 January 2024		863,041	590,013	35,614	(392,227)	1,096,441
Total comprehensive income		—	—	—	(71,991)	(71,991)
Equity-settled share-based transactions		—	—	15,654	—	15,654
Balance at 31 December 2024		863,041	590,013	51,268	(464,218)	1,040,104

(b) Share capital

Details of the Company's share capital are as follows:

	Years ended 31 December 2022		Years ended 31 December 2023		Years ended 31 December 2024	
	No. of shares		No. of shares		No. of shares	
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Ordinary shares of RMB 1 each, issued and fully paid:						
At 1 January	796,447	796,447	863,041	863,041	863,041	863,041
Shares issued *(Note (i))*	66,594	66,594	—	—	—	—
At 31 December	863,041	863,041	863,041	863,041	863,041	863,041

(i) During 2022, the Company issued 66,594,000 shares to investors at a cash consideration of RMB339,156,000. The excess of the aggregate consideration over par value of share capital, net of transaction costs of RMB3,301,000 was credited to the capital reserve.

(c) Reserves

(i) Capital reserve

The capital reserve comprises the following:

— The difference between the consideration received and the par value of the issued shares of the Company (see Note 26(b))

— Acquisition of non-controlling interests

During 2022, the Group acquired 2.74% equity interest of Medo from non-controlling shareholders at consideration of RMB11,576,000 in aggregate, the differences between the consideration paid and the share of net assets value of Medo acquired from non-controlling shareholders amounting to RMB7,408,000 was recognised as a deduction to capital reserve.

(ii) Share-based payments reserve

The share-based payment reserve comprises the portion of the grant date fair value of the restricted shares granted to employees in Allystar Employee Incentive Scheme and Medo Employee Incentive Scheme that has been recognised as share-based payment reserve in consolidated statements of changes in equity in accordance with the accounting policy adopted for equity settled share-based arrangements (see Note 23).

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(d) Dividends

No dividends have been declared or paid by the Company or its subsidiaries to its equity shareholders during the years ended 31 December 2022, 2023 and 2024.

(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.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2022, 2023 and 2024. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2022, 2023 and 2024 was 13%, 18% and 24%, respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises 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 trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable, restricted cash is limited because the counterparties are banks and financial institutions which the Group considers to represent low credit risk.

As at 31 December 2022, 2023 and 2024, the management of the Group has assessed that contract assets have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no loss allowance of contract assets is considered necessary by management. The expected credit loss rate is insignificant.

The Group's exposure to credit risk arising from refundable guarantee deposits is considered to be low, taking into account the historical default experience and forward-looking information. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the landlords' credit rating and the remaining lease term and the period covered by the rental deposits.

The Group has established a credit risk management policy under which 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 0 to 90 days from the date of billing. Debtors with balances that are over the credit terms granted are requested to settle all outstanding balances before any further credit is granted. 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.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2022, 2023 and 2024, 39.9%, 35.4% and 37.0% of the total trade receivables was due from the Group's top five largest customers, respectively.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
0–1 years	0.1%	179,942	(88)
1–2 years	22%	9,134	(2,016)
2–3 years	33%	2,695	(898)
More than 3 years	100%	605	(605)
		192,376	(3,607)

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
0–1 years	1%	159,553	(2,063)
1–2 years	22%	31,200	(6,946)
2–3 years	46%	4,253	(1,938)
More than 3 years	100%	989	(989)
		195,995	(11,936)

	As at 31 December 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
0–1 years	1%	188,162	(2,631)
1–2 years	12%	33,897	(4,201)
2–3 years	69%	22,646	(15,540)
More than 3 years	100%	3,492	(3,492)
		248,197	(25,864)

Expected loss rates are based on actual loss experience during the Track Record Period. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at 1 January	3,000	3,607	11,936
Arising from acquisition of a subsidiary	2,342	—	—
Credit loss allowance (reversed)/recognized during the year	(1,735)	8,329	13,928
Balance at 31 December	3,607	11,936	25,864

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities 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 the end of the Track Record Period, 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 the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amounts in the consolidated statement of financial position
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowing	30,544	—	—	—	30,544	29,922
Lease liabilities	5,271	4,902	7,918	250	18,341	16,730
Trade and other payables	90,554	—	—	—	90,554	90,554
	126,369	4,902	7,918	250	139,439	137,206

	As at 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amounts in the consolidated statement of financial position
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowing	37,575	—	—	—	37,575	36,941
Lease liabilities	11,735	11,763	4,699	330	28,527	27,402
Trade and other payables	92,882	—	—	—	92,882	92,882
	142,192	11,763	4,699	330	158,984	157,225

	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amounts in the consolidated statement of financial position
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowing	46,727	—	—	—	46,727	45,755
Lease liabilities	11,530	4,386	330	220	16,466	16,151
Trade and other payables	136,350	—	—	—	136,350	136,350
	194,607	4,386	330	220	199,543	198,256

(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 bank loans and other borrowing, lease liabilities, restricted cash and cash at banks. The Group has not hedged interest rate risk with derivative financial instruments. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's bank loans and other borrowing, lease liabilities, restricted cash and cash at bank at the end of each reporting period:

	As at 31 December					
	2022		2023		2024	
	Effective interest rate %	*RMB'000*	*Effective interest rate %*	*RMB'000*	*Effective interest rate %*	*RMB'000*
Fixed rate instruments						
Lease liabilities.	2.09–5.00	(16,730)	3.56–5.00	(27,402)	3.56–5.00	(16,151)
Bank loans and other borrowing.	3.00–4.40	(29,922)	3.00–3.65	(36,941)	2.1–3.60	(45,755)
Restricted cash	1.50–2.85	1,934	0.20–2.85	1,455	0.65–2.85	12,460
		(44,718)		(62,888)		(49,446)
Variable rate instruments						
Cash at bank	0.05–2.25	831,290	0.05–2.10	712,711	0.05–1.05	571,569

(ii) Sensitivity analysis

At 31 December 2022, 2023 and 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss and accumulated losses by approximately RMB3,464,000, RMB2,990,000 and RMB2,404,000, respectively.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss for the year (and accumulated losses) is estimated as an annualised (pro-rata as required) impact on interest expense or income of such a change in interest rates.

(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, Renminbi, Canadian dollars ("**CAD**") and Hong Kong dollars ("**HKD**").

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the Track Record Period to currency risk arising from recognised 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 Renminbi, 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 is excluded.

	Exposure to foreign currencies (expressed in Renminbi)											
	2022				2023				2024			
	United States Dollars	CAD	HKD	RMB	United States Dollars	CAD	HKD	RMB	United States Dollars	CAD	HKD	RMB
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other receivables (including intercompany receivables)	215,396	9,563	17,980	—	284,663	—	9,558	—	270,463	—	9,589	—
Cash and cash equivalents	75,992	—	—	—	77,504	—	—	60,905	132,541	—	—	—
Trade and other payables (including intercompany payables)	(171,205)	(15,538)	(54,130)	(6,664)	(204,260)	(15,746)	(4,309)	(28,629)	(183,488)	—	(19,180)	(14,133)
Gross exposure arising from recognised assets and liabilities	120,183	(5,975)	(36,150)	(6,664)	157,907	(15,746)	5,249	32,276	219,516	—	(9,591)	(14,133)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss for the year and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at 31 December 2022, 2023 and 2024 had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2022		2023		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		RMB'000		*RMB'000*		*RMB'000*
United States Dollars	5%	(3,960)	5%	1,999	5%	994
	-5%	3,960	-5%	(1,999)	-5%	(994)
CAD	5%	(299)	5%	(787)	5%	—
	-5%	299	-5%	787	-5%	—
HKD	5%	(1,808)	5%	262	5%	(480)
	-5%	1,808	-5%	(262)	-5%	480
RMB	5%	(333)	5%	1,614	5%	(707)
	-5%	333	-5%	(1,614)	-5%	707

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit or loss for the year measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the Track Record Period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the Track Record Period. The analysis excludes differences that would result from the translation of the financial statements of operations into the Group's presentation currency. The analysis is performed on the same basis during the Track Record Period.

(e) Fair value measurement

(i) Fair value of financial assets and liabilities carried at other than fair value

The carrying amount of the Group's financial instruments carried at amortized cost were not materially different from their fair values at 31 December 2022, 2023 and 2024.

28 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 as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Years ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	8,207	6,905	7,776
Discretionary bonuses	3,614	1,602	3,560
Retirement scheme contributions	446	371	395
Equity compensation benefits	4,154	6,450	5,777
	16,421	15,328	17,508

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Names and relationships of the related parties that had material transactions and/or material balances with the Group for the Track Record Period

Names of related parties	Nature of relationship
Shenzhen Beidou Qihang Industrial Co., Ltd. (深圳市北斗啓航實業有限公司)	Controlled by a director
Shanghai Xiangrui Auto-Tech Co., Ltd. (上海享瑞汽車科技有限公司)	Controlled by an independent non-executive director

The official names of these entities are in Chinese. The English translation of the names is for identification only.

(c) The Group had the following transactions with a related party during the Track Record Period:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sales of chips and modules to:			
— Shanghai Xiangrui Auto-Tech Co., Ltd.	—	—	26,002
Purchases of raw materials from:			
— Shanghai Xiangrui Auto-Tech Co., Ltd.	—	—	66

(d) Financing arrangements

During the year ended 31 December 2022, the Group have obtained interest-free borrowings of RMB2,720,000 from Shenzhen Beidou Qihang Industrial Co., Ltd. and have repaid the interest-free borrowings in the same year.

(e) Balances with related party

As at the end of the reporting period, the Group had the following balances with related party:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related party			
Trade receivables			
— Shanghai Xiangrui Auto-Tech Co., Ltd. .	—	—	15,863

29 Acquisition of a subsidiary

Step acquisition of Medo

(i) In December 2021, the Company entered into an agreement with Mr. Li Weiyu, the founder of Medo, pursuant to which the Company agreed to provide an advance payment of RMB58,000,000 at interest rate of 8.0% per annum with maturity on or before 36 months from the date of loans advanced (the "**Maturity Date**").

Pursuant to the agreement, the advance payment was convertible to 25% of the equity interests of Medo held by Mr. Li Weiyu at a conversion price of RMB67,500,000 at discretion of the Company before the Maturity Date. The conversion price was determined with reference to the then equity value of Medo.

(ii) In January 2022, the Company acquired 25% of equity interests of Medo held by Mr. Li Weiyu at the conversion price, and paid additional RMB9,500,000 to Mr. Li Weiyu.

(iii) On 17 February 2022, the Company acquired 6% equity interests in Medo from three individual shareholders of Medo at an aggregated consideration of RMB18,000,000.

On 18 February 2022, the Company injected RMB122,450,000 into Medo. After that, the Company legally held 51% of the enlarged issued capital of Medo, representing an effective interest of 54.90% (excluding the equity interests held by Medo EIP (Note 23(ii))). Accordingly, Medo has become a non-wholly owned subsidiary of the Group (the "**Medo Acquisition**").

(iv) As of the acquisition date, the Company remeasured its previously held 31% of equity interests in Medo at its fair value of RMB93,000,000 and recognised in "other net income" of RMB8,804,000 by comparing to its carrying amount of RMB84,196,000.

(v) The fair values of net assets acquired at the acquisition date were as follows:

	As at 18 February 2022
	RMB'000
Property, plant and equipment	2,037
Intangible assets	54,717
Deferred tax assets	525
Inventories and contract costs	25,273
Contract assets	1,369
Trade and other receivables	41,744
Cash and cash equivalents	123,196
Other current assets	568
Trade and other payables	(36,285)
Contract liabilities	(12,711)
Bank loans and other borrowing	(33,475)
Lease liabilities	(263)
Provisions	(1,110)
Deferred tax liabilities	(8,191)
Fair value of net assets acquired	157,394
Less: non-controlling interests	(70,816)
Shares of net assets acquired	86,578

Non-controlling interests determined by reference to the percentage of equity interests held by non-controlling interest and the fair value of net assets.

(vi) The reconciliation of net cash outflow from acquisition was as follows:

Cash consideration paid to existing shareholders of Medo in 2022	27,500
Capital injection	122,450
Total cash outflow of Medo Acquisition	149,950
Less: cash and cash equivalents acquired *(Note 30(b))*	(123,196)
Net cash outflow of acquisition in 2022	26,754

(vii) Goodwill arising from the Medo Acquisition has been recognized as follows.

	As at 18 February 2022
	RMB'000
31% of equity interests acquired *(Note 29(iv))*	93,000
Capital injection	122,450
Total consideration	215,450
Less: Shares of net assets acquired *(Note 29(v))*	(86,578)
Goodwill	128,872

Goodwill arising from the acquisition of Medo represents the benefits of expected synergies to be achieved from integrating the subsidiaries into the Group's existing businesses and future market development. None of the goodwill recognized is expected to be deductible for tax purposes.

Medo contributed revenue of RMB108,268,000 and profit of RMB4,237,000 to the Group for the period from 18 February 2022 to 31 December 2022. If the Medo Acquisition had occurred on 1 January 2022, the Group's revenue and loss for the year ended 31 December 2022 would have increased by RMB1,943,000 and RMB3,912,000, respectively.

The pre-acquisition financial information of Medo from 1 January 2022 to the date of the completion of the Medo Acquisition on 18 February 2022 is set out in Note 30.

30 Pre-acquisition financial information of Medo

The pre-acquisition financial information of Medo as at 18 February 2022 and the period from 1 January 2022 to 18 February 2022(completion date of the Acquisition) is provided below. The accounting policies adopted in the preparation of the pre-acquisition financial information are consistent with those adopted in the preparation of the Historical Financial Information of the Group, which are set out in Note 2.

(a) Consolidated statement of profit or loss of Medo

	Note	**Period from 1 January 2022 to 18 February 2022**
		RMB'000
Revenue	*(1)*	1,943
Cost of sales		(1,136)
Gross profit		807
Other income		16
Selling and distribution expenses		(2,014)
Administrative expenses		(2,060)
Research and development costs		(1,702)
Loss from operations		(4,953)
Finance costs	*(2)(i)*	(208)
Loss before taxation	*(2)*	(5,161)
Income tax		(55)
Loss and total comprehensive income for the period		(5,216)
Attributable to:		
Equity shareholders of Medo		(5,132)
Non-controlling interests		(84)
Loss and total comprehensive income for the period		(5,216)

(b) Consolidated statement of financial position of Medo

	Note	As at 18 February 2022
		RMB'000
Non-current assets		
Property, plant and equipment		2,037
Intangible assets		117
Trade and other receivables	*(6)*	8,313
Deferred tax assets		525
		10,992
Current assets		
Inventories and contract costs	*(4)*	25,273
Contract assets	*(5)*	1,369
Trade and other receivables	*(6)*	33,431
Other current assets		568
Cash and cash equivalents	*(7)(i)*	123,196
		183,837
Current liabilities		
Trade and other payables	*(8)*	36,285
Contract liabilities	*(5)*	12,711
Bank loans and other borrowing	*(9)*	33,475
Lease liabilities		131
Provisions		1,110
		83,712
Net current assets		100,125
Total assets less current liabilities		111,117

	Note	As at 18 February 2022
		RMB'000
Non-current liabilities		
Lease liabilities		132
		132
NET ASSETS		110,985
CAPITAL AND RESERVES		
Paid-in capital	*(10)*	23,182
Reserves		88,113
Total equity attributable to equity shareholders of Medo		111,295
Non-controlling interests		(310)
TOTAL EQUITY		110,985

(c) Consolidated statement of changes in equity of Medo

	Attributable to equity shareholders of Medo					
	Paid-in capital	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	16,039	25,430	(47,492)	(6,023)	(226)	(6,249)
Changes in equity:						
Loss and total comprehensive income for the period	—	—	(5,132)	(5,132)	(84)	(5,216)
Capital injection on 18 February 2022 *(Note (10))*	7,143	115,307	—	122,450	—	122,450
As at 18 February 2022	23,182	140,737	(52,624)	111,295	(310)	110,985

(d) Consolidated statement of cash flow of Medo

	Note	Period from 1 January 2022 to 18 February 2022
		RMB'000
Operating activities		
Cash used in operations	*(7)(ii)*	(17,052)
Income tax paid		(7)
Net cash used in operating activities		(17,059)
Investing activities		
Payment for the purchase of property, plant and equipment		(24)
Net cash used in investing activities		(24)
Financing activities		
Capital injection from the Company		122,450
Proceeds of bank loans and other borrowing	*(7)(iii)*	1,900
Repayment of bank loans and other borrowing	*(7)(iii)*	(1,900)
Borrowing costs paid	*(7)(iii)*	(255)
Capital element of lease rentals paid	*(7)(iii)*	(53)
Interest element of lease rentals paid	*(7)(iii)*	(1)
Net cash generated from financing activities		122,141
Net increase in cash and cash equivalents		105,058
Cash and cash equivalents at the beginning of period		18,138
Cash and cash equivalents at the end of period	*(7)(i)*	123,196

Notes:

(1) Revenue

	Period from 1 January 2022 to 18 February 2022
	RMB'000
Revenue from contracts with customers within the scope of IFRS 15	
— Sales of products	1,772
— Rendering of services	171
	1,943

(2) Loss before taxation

(i) Financial costs

	Period from 1 January 2022 to 18 February 2022
	RMB'000
Interest on lease liabilities	1
Interest expense and other finance costs	207
	208

(ii) Staff costs

	Period from 1 January 2022 to 18 February 2022
	RMB'000
Salaries, wages and other benefits	4,728
Contributions to defined contribution retirement plan	122
	4,850

(iii) Other items

	Period from 1 January 2022 to 18 February 2022
	RMB'000
Amortisation cost of intangible assets	57
Depreciation charge	
— owned property, plant and equipment	106
— right-of-use assets	19
	125
Cost of inventories	978

(3) Director's emoluments

Directors' emoluments for the period from 1 January 2022 to 18 February 2022 are as follows:

	Period from 1 January 2022 to 18 February 2022
	RMB'000
Salaries and other emoluments	163

(4) Inventories and contract costs

	As at 18 February 2022
	RMB'000
Inventories	
— Raw materials	13,336
— Work in progress	117
— Finished goods	7,454
	20,907
Contract costs	4,366
	25,273

(5) Contract assets and contract liabilities

(i) Contract assets:

	As at 18 February 2022
	RMB'000
Arising from performance under made-to-order product contracts	1,369
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 30(6))*	19,844

(ii) Contract liabilities:

	As at 18 February 2022
	RMB'000
Billings in advance of performance under goods contracts	12,711

	As at 18 February 2022
	RMB'000
At 1 January	13,574
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	(1,373)
Increase in contract liabilities as a result of billings in advance of performance under goods contracts	510
At 18 February	12,711

(6) Trade and other receivables

	As at 18 February 2022
	RMB'000
Current	
— Trade receivables, net of loss allowance	19,844
— Bills receivables	1,639
— Prepayments	2,968
— Other receivables	8,980
Total	33,431

	As at 18 February 2022
	RMB'000
Non-current	
— Guarantee deposits	8,203
— Prepayment for purchase of property, plant and equipment	110
Total	8,313

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date, is as follows:

	As at 18 February 2022
	RMB'000
Within 1 year	16,607
1 to 2 years	2,512
2 to 3 years	713
Over 3 years	12
	19,844

(7) Cash and cash equivalents and other cash flow information

(i) Cash and cash equivalents comprise:

	As at 18 February 2022
	RMB'000
Cash at bank and on hand	123,196

(ii) Reconciliation of loss before taxation to cash generated from operations:

	Note	Period from 1 January 2022 to 18 February 2022
		RMB'000
Loss before taxation		(4,953)
Adjustments for:		
Depreciation		125
Amortization		57
Finance costs	*(2)(i)*	208
Net loss on disposal of property, plant and equipment		1
Provision		(1,110)
Reversal of impairment loss on trade and other receivables		(220)
Changes in working capital:		
Increase in trade and other receivables		(2,258)
Increase in trade and other payables		2,993
Decrease in contract assets		2,035
Decrease in contract liabilities		(863)
Increase in inventories and contract costs		(13,067)
Cash used in operations		(17,052)

(iii) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Medo'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 consolidated cash flow statement of Medo as cash flows from financing activities.

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	33,522	315	33,837
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(1,900)	—	(1,900)
Proceeds from bank loans and other borrowing	1,900	—	1,900
Borrowing costs paid	(255)	—	(255)
Capital element of lease rentals paid	—	(53)	(53)
Interest element of lease rentals paid	—	(1)	(1)
Total changes from financing cash flows	(255)	(54)	(309)
Other changes:			
Interest expenses *(Note 30(2)(i))*	207	1	208
At 18 February 2022	33,474	262	33,736

(8) Trade and other payables

	As at 18 February 2022
	RMB'000
Trade payables	29,078
Accrued staff costs	5,808
Other payables and accrued charges	1,399
	36,285

As of the end of the reporting period, the aging analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 18 February 2022
	RMB'000
Within 1 year	29,078

(9) Bank loans and other borrowing

As at 18 February 2022, the amount of the secured bank loans and other borrowing within 1 year or on demand is RMB33,475,000.

(10) Paid-in capital and reserves

On 1 January 2022, the amount of paid-in capital of Medo is RMB16,039,000. The Company injected RMB122,450,000 into Medo on 18 February 2022 that recognised the amount of RMB7,143,000 in paid-in capital and RMB115,307,000 in reserves.

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of issue of this report, the IASB has issued a number of new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

32 Subsequent events

The Company has adopted a share option scheme ("**[REDACTED] Share Option Scheme**"), which was approved on 28 May 2025 by shareholders. Pursuant to the **[REDACTED]** Share Option Scheme, the maximum number of shares in respect of which share options may be granted shall not exceed 15,000,000 shares of the Group. Share options had been granted to eligible employee according to the **[REDACTED]** Share Option Scheme, which will be vested upon specified vesting conditions are satisfied.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2024.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants as set forth in Appendix I to this document, and is included herein for illustrative purpose only.

The unaudited **[REDACTED]** *financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets of the Allystar Technology (Shenzhen) Co., Ltd. And its subsidiaries (collectively the "**Group**") is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA is set out here to illustrate the effect of the **[REDACTED]** on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as if the **[REDACTED]** had taken place on 31 December 2024.

The unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the **[REDACTED]** been completed as of 31 December 2024 or any future date.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as of December 31, 2024(1)	Estimated [REDACTED] from the [REDACTED](2 & 4)	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share(3 & 4)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an **[REDACTED]** of **[REDACTED]** per H Share	790,748	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of **[REDACTED]** per H Share	790,748	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 31 December 2024 is based on the total equity attributable to the equity shareholders of the Company of RMB905,109,000 as at 31 December 2024, which is extracted from the Accountants' Report set out in Appendix I to the document, deducting intangible assets of RMB42,879,000 and goodwill of RMB81,170,000 and adjusting for the share of intangible assets attributable to non-controlling interests of RMB9,688,000.

(2) The estimated **[REDACTED]** from the **[REDACTED]** are based on **[REDACTED]** H Shares expected to be issued under the **[REDACTED]** and the indicative **[REDACTED]** of **[REDACTED]** per H Share and **[REDACTED]** per H Share, being the low end and high end price of the indicative **[REDACTED]** range respectively, after deduction of estimated **[REDACTED]** fee and other estimated expenses relating to the **[REDACTED]** paid or payable by the Group (excluding the **[REDACTED]** expenses charged to profit or loss during the Track Record Period of **[REDACTED]**) and does not take into account of any Shares which may be issued upon the exercise of the **[REDACTED]** or any Shares which may be issued under the **[REDACTED]** Share Award Scheme.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that **[REDACTED]** Shares are in issue immediately following the **[REDACTED]** assuming that the **[REDACTED]** had been completed on 31 December 2024, but do not take into account of the Shares which may be issued upon exercise of the **[REDACTED]** or any Shares which may be issued under the **[REDACTED]** Share Award Scheme.

(4) The estimated **[REDACTED]** from the **[REDACTED]** and the unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share have been converted into or from Renminbi ("**RMB**") at an exchange rate of HK$1 = RMB0.91617, being the PBOC rate prevailing on the Latest Practicable Date. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rate.

(5) No adjustment has been made to the unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to equity shareholders of the Company to reflect any trading result or other transactions of the Group subsequent to 31 December 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

A. Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "**IIT Law**") and the Implementation Provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》), dividends distributed by PRC enterprises are subject to PRC withholding tax levied at a flat rate of 20%. For overseas individual investors receiving dividends from PRC enterprises, the tax shall generally be withheld and paid at a rate of 20%, unless it is exempted by the tax authorities of the State Council or reduced or reduced by applicable tax treaties.

Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) issued by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses income received from foreign-invested enterprises. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (Cai Shui [2015] No. 101) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and came into effect on 8 September 2015, where an individual obtains shares of a listed company from the public offering and transfer market, if the holding period is more than one year, the dividend and bonus income shall be temporarily exempted from individual income tax, where an individual obtains shares of a listed company from the public offering and transfer market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed on 21 August 2006, the PRC Government has the authority to impose taxes on dividends paid by a PRC enterprise to Hong Kong residents (including natural persons and enterprise) in an amount not exceeding 10% of the total dividends payable by the PRC enterprise. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC enterprise.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), in effect since 6 December 2019, states that such treaty benefits shall not apply to arrangements or transactions made for one of the primary purposes of gaining such tax benefit. Exceptions are made when such benefits align with the Arrangement's relevant objectives and goals.

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the relevant PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81), in effect since 20 February 2009.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends distributed by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. Such withholding tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation. Such withholding tax payable by non-resident enterprises is deducted at source, where the payer, as the obligor for the withholding tax, is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《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), which was issued by the State Administration of Taxation on 6 November 2008, further clarified that a PRC resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of years 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Tax Treaties

Non-PRC resident investors residing in countries which have entered into agreements for the avoidance of double taxation with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into Avoidance of Double Taxation Arrangements with a number of countries and regions including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the PRC tax authorities.

B. Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業税改徵增值税試點的通知》) (Cai Shui [2016] No. 36) ("**Circular 36**"), the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the balance after deducting the purchase price from the selling price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

(a) Individual Investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance ("**MOF**") and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國

家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

On December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui [2009] No. 167). This circular stipulates that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange remains exempt from individual income, except for the relevant shares which are subject to sales limitation as defined in the Supplementary Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70), jointly issued by the three aforementioned departments and effective from November 10, 2010.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

(b) Enterprise Investors

In accordance with the PRC Enterprise Income Tax Law and its implementation regulations, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments or premises in the PRC, but its PRC-sourced income is not genuinely connected with those establishments or premises. The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), as issued by the Standing Committee of the National People's Congress on June 10, 2021 and came into effect on July 1, 2022, the PRC stamp duty is applicable to all kinds of documents which are legally binding in the PRC and protected by the PRC laws. Therefore, the PRC stamp duty does not apply to the acquisition or disposal of H Shares outside the PRC.

Estate Duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi ("**RMB**"). The SAFE, under the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange.

On January 29, 1996, the State Council promulgated the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) (the "**Regulations on Foreign Exchange Administration**"), which became effective on April 1, 1996. The Regulations on Foreign Exchange Administration classifies all international payments and transfers into current account items and capital account items. The Regulations on Foreign Exchange Administration were subsequently amended on January 14, 1997, and August 5, 2008. The latest amendment to the Regulations on Foreign Exchange Administration clearly states that PRC will not impose any restriction on international payments and transfers under the current account items.

According to the Announcement of The People's Bank of China on Reforming the RMB Exchange Rate Regime issued by the PBOC (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16) on July 21, 2005, starting from July 21, 2005, the PRC will reform the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the RMB in the interbank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE promulgated and implemented the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the 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 PRC or deposited overseas, but the use of the proceeds shall be consistent with the contents as specified in the document and other disclosure documents.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under 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》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. The proportion of discretionary settlement of domestic institutions' foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局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》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which, among other things, allows all foreign investment enterprises to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (Hui Fa [2020] No. 8) promulgated with effect from April 10, 2020, by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities divided into districts will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules and regulations, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

THE PRC JUDICIAL SYSTEM

Under the Constitution, the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》), the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various levels, and other special people's courts. The local people's courts at various levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up a number of people's tribunals based on the facts of the region, population and cases. The Supreme People's Court is the highest judicial authority. The Supreme

People's Court shall supervise the judicial work of the local people's courts at all levels and special people's courts, and people's courts at higher levels shall supervise the judicial work of people's courts at lower levels. The People's Procuratorates of the PRC are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels.

The people's court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people's court are final. The parties may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. The first judgments or rulings of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court discovers an error in a final and binding judgment or rulings which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**PRC Civil Procedure Law**") prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the party subject to enforcement or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

On March 28, 2025, the CSRC Promulgated the latest amended Guidelines for the Articles of Association of Listed Companies" (《上市公司章程指引》) (the "**Guidelines for the Articles of Association**"). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Issuance and Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

THE COMPANY LAW OF THE PRC

The Company Law of the People's Republic of China (the "**PRC Company Law**") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has implemented on July 1, 2024.

A "joint stock limited company" refers to a corporate legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

The joint stock limited companies shall carry out business in compliance with the requirements of laws and administrative regulations. They may invest in other limited liability companies and joint stock limited companies, and its liabilities for an invested company are limited to the extent of its investment amount.

(a) Incorporation

A joint stock limited company may be incorporated by promotion or raising. A company shall be incorporated by 1 to 200 promoters, provided that at least more than half of the promoters should reside in the PRC. The registered capital of a joint stock limited company shall be the total amount of share capital of which the shares have been issued, registered with the company registration authority. Before the capital for the shares subscribed by the promoters are paid in full, the company may not offer any share to others. If laws, administrative regulations and decisions of the State Council have separate provisions on the minimum registered capital of a joint stock limited company, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall fully subscribe and pay for the shares that shall be issued at the time of formation of the company as specified in the Articles of Association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the Articles of Association, a Board of Directors and a Board of Supervisors shall be elected and the Board of Directors shall authorize a representative to apply to the company registration authority for incorporation within 30 days of conclusion of the company's formation meeting.

Where companies are incorporated by raising, not less than 35% of the total shares that shall be issued at the time of formation of the company as specified in the Articles of Association, unless otherwise provided for by laws or administrative regulations. A document shall be published and a subscription letter shall be prepared when the company offer shares to the public. The subscription letter shall be filled in by the subscriber with the number of shares to be subscribed, amount, address, and signed or sealed. The subscribers shall pay up monies for the shares in full amount according to the number of shares they have subscribed for. Where a company is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A company offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. After the subscription monies for the share issued have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and issue a certificate thereof. The promoters shall convene an formation meeting within 30 days of full payment of the shares that shall be issued at the time of formation of the company. The formation meeting shall be formed by the promoters and subscribers. Within 30 days of the conclusion of the formation meeting, the Board of Directors shall authorize a representative to apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after approval of registration has been given by the company registration authority and a business license has been issued.

(b) Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights or equities or claims which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The stocks representing par value shares may be issued at a price equal to or at a premium to their par value, but shall not be issued at a price below par value.

(c) Increase In Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares should be approved by shareholders' meeting; or under the articles of association of the company or the authorization of the shareholders' meeting, the Board of Directors could decide to issue not more than 50% of the shares that have been issued within three years, provided that if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. In addition, the Securities Law of the PRC (the "**PRC Securities Law**") also stipulates the following conditions for the company's public offering of new shares:

(1) have a sound organizational structure with satisfactory operating;

(2) have the capability of sustainable operation;

(3) have been issued with an unqualified opinion audit report by the auditor for the company's financial accounting documents in the latest three years;

(4) the issuer and its controlling shareholder(s) and actual controlling party do not have criminal record during the past three years for corruption, bribery, encroachment of assets, misappropriation of assets or disruption of socialist market economy order; and

(5) other conditions required by the securities administration department of the State Council as approved by the State Council.

(d) Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

(1) the company shall prepare a balance sheet and an inventory of properties;

(2) make a resolution at a shareholders' meeting to reduce the registered capital;

(3) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days;

(4) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and

(5) the company must apply to the company registration authority for a change in registration.

(e) Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

(1) reduction of the registered capital of the company;

(2) merger with another company that holds its shares;

(3) use of its shares for carrying out an employee stock ownership plan or equity incentive;

(4) request from shareholders who object to a resolution of the shareholders' meeting on merger or division of the company to acquire their shares by the company;

(5) use of shares for conversion of convertible corporate bonds issued by the listed company; and

(6) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of the shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (1) or item (2) above; for a company's repurchase of shares under any of the circumstances stipulated in item (3), item (5) or item (6) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (1) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (2) or item (4); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (3), item (5) or item (6) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

(f) Transfer of Shares

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or five days prior to the base date on which the company decides to distribute dividends. However, where there are separate provisions by laws, administrative regulations and the securities regulatory authority of the State Council on the alternation of registration in the register of members of listed companies, those provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year from the date of the company's listing on the stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office as determined upon assuming their positions, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year from the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The Articles of Association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

(g) Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

(1) to elect or replace the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;

(2) to consider and approve the reports of the Board of Directors;

(3) to consider and approve the reports of the Board of Supervisors;

(4) to consider and approve the company's profit distribution and loss recovery proposals;

(5) to decide on any increase or reduction of the company's registered capital;

(6) to decide on the issue of corporate bonds;

(7) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(8) to amend the Articles of Association of the company; and

(9) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An extraordinary meeting is required to be held within two months upon the occurrence of any of the following:

(1) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;

(2) the total outstanding losses of the company amounted to one-third of the company's total share capital;

(3) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary meeting;

(4) the Board of Directors deems necessary;

(5) the Board of Supervisors so proposes; or

(6) any other circumstances as provided for in the Articles of Associations of the company.

A shareholders' meeting is convened by the Board of Directors and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by a majority of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Board of Supervisors shall convene and preside over such meeting in a timely manner; if the Board of Supervisors fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting.

In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders' meeting is convened. Notice of the extraordinary meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders' meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the meeting for deliberation. Unless the interim proposal violates the provisions of laws, administrative regulations, or the Articles of Association, or does not fall within the purview of the shareholders' meeting. The company shall not increase the percentage of shares required for shareholders to submit an interim proposal.

The contents of the interim proposal shall fall within the scope of powers of the shareholders' meeting, and the proposal shall provide clear agenda and specific matters on which resolutions are to be made. A company that publicly offers shares shall issue the notices in the form of announcement.

According to the PRC Company Law, shareholders present at shareholders' meeting shall have one vote for each share they hold, save that shares held by the company itself are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders' meeting. Under the accumulative voting system, when the shareholders' meeting elect directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the meeting requires affirmative votes of shareholders representing a majority of the voting rights held by the shareholders who attend the meeting except in cases of proposed amendments to the Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the meeting. Shareholders may entrust a proxy to attend shareholders' meetings on his or her behalf by a power of attorney which sets forth the scope of exercising the voting rights.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

(h) Board of Directors

A company shall have a Board of Directors, which shall have three or more members. Members of the Board of Directors may include staff representatives, who shall be democratically elected by the Company's staff at a staff representative assembly, general staff meeting or otherwise. In the case of a company with three hundred or more employees, except when a Board of Supervisors has been established including staff representative among its members as required by law, the Board of Directors shall include staff representatives among its members.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

(1) to convene shareholders' meetings and report on its work to the shareholders' meetings;

(2) to implement the resolutions passed by the shareholders at the shareholders' meetings;

(3) to decide on the Company's operational plans and investment proposals;

(4) to formulate the Company's proposals for profit distribution and for recovery of losses;

(5) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;

(6) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;

(7) to decide on the setup of the Company's internal management organs;

(8) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;

(9) to formulate the Company's basic management system; and

(10) other authority stipulated in the Articles of Association or conferred by the shareholders' meeting.

Meetings of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Board of Supervisors. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors. Meeting of the Board of Directors shall be held only if more than one half of the Directors are present. Resolutions of the Board of Directors shall be passed by more than one half of all Directors. Resolutions of the Board shall be passed on a one person one vote basis. The Directors shall attend a board meeting in person. If a director is unable to attend for any reasons, he/she may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his/her behalf. The Board of Directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the Board of Directors violates any laws, administrative regulations or the Articles of Association or resolutions of the meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a Director of the company:

(1) devoid of or with restricted civil conduct ability;

(2) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime, or two years have not elapsed since the expiration of the probation period for suspended sentence, if applicable;

(3) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a directors, factory manager or business manager and has been held accountable for the insolvency;

(4) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and

(5) liable to large amount of unliquidated mature debts and listed as a dishonest party subject to enforcement by the people's court.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

Under the PRC Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected in accordance with the Articles of Association. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by a majority of the directors shall perform his/her duties.

(i) Board of Supervisors

The company shall have a Board of Supervisors composed of not less than three members. A company may, as stipulated in its Articles of Association, establish an audit committee within the Board of Directors composed of directors to exercise the functions and powers prescribed for the Board of Supervisors by the PRC Company Law, without establishing a Board of Supervisors or Supervisor.

The Board of Supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the Company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the specific proportion shall be determined in the Articles of Association. Representatives of the Company's staff at the Board of Supervisors shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise. The Board of Supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by a majority of all the supervisors. Directors and senior management shall not act concurrently as supervisors.

The chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meetings. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meetings. Where the vice chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor elected by a majority of the supervisors shall convene and preside over the Board of Supervisors meetings.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors may exercise its powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' meetings;

(3) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;

(4) to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board fails to perform the duty of convening and presiding over shareholders' meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' meetings;

(6) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the Articles of Association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the Board of Directors. The Board of Supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

(j) Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager, who is responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall be present at meetings of the Board of Directors.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary of the Board of a listed company and other personnel as stipulated in the Articles of Association.

(k) Duties of Directors, Supervisors, and Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the Articles of Association, and carry out their duties of loyalty and diligence.

In the meantime, directors, supervisors and senior management are prohibited from:

(1) embezzling company property and misappropriating company's funds;

(2) depositing company funds into accounts under their own names or the names of other individuals;

(3) taking advantage of power to accept bribes or other illegal income;

(4) accept commissions from transactions between others and the company;

(5) unauthorized divulgence of confidential information of the company; and

(6) other acts in violation of their duty of loyalty to the company.

Directors, supervisors, and senior officers, whether directly or indirectly, entering into a contract or engaging in a transaction with the company, shall report matters related to the contract execution or transaction to the board of directors or the shareholders' meeting and obtain approval in accordance with the company's articles of association through resolutions of the board of directors or the shareholders' meeting. Directors, supervisors, and senior officers shall not use their positions to seek any business opportunity available to the company for themselves or others. Directors, supervisors, and senior officers shall not operate businesses, either self-owned or owned by others, similar to those of the company they serve, without reporting to the board of directors or the shareholders' meeting and obtaining approval in accordance with the company's articles of association through resolutions of the board of directors or the shareholders' meeting.

Income generated by directors, supervisors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where directors, supervisors or senior management are required to attend a shareholders' meeting, such directors, supervisors or senior management shall be present at the meeting and answer questions from shareholders. Directors and senior management shall provide the Board of Supervisory with relevant truthful information and materials, and shall not obstruct the Board of Supervisory or supervisors from exercising their powers and functions.

(I) Finance and Accounting

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial and accounting reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the common reserve fund has reached more than 50% of the company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

Profits distributed to shareholders in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

Proceeds from shares issued by a company at a price above their nominal value, proceeds of issuance of no par shares which have not been included in registered capital, and other revenues required by the financial departments of the State Council to be stated as capital reserve shall be accounted for as the capital reserve fund of the company. The common reserve fund of a company shall be applied to make up the company's losses, expand its production and operations or increase in its registered capital. When the company's losses are covered with common reserves, the discretionary common reserve and the statutory common reserve shall first be used; if they are insufficient, the capital common reserve may be used according to the applicable provisions. Upon the transfer of the statutory common reserve fund into registered capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

(m) Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the Board of Directors or the Board of Supervisors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board of Directors or the Board of Supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

(n) Profit Distribution

According to PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided. At the same time, the Overseas Listing Trial Measures stipulate that domestic enterprises may raise funds and pay dividends in foreign currencies or RMB for overseas listings.

(o) Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations hall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

(p) Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;

(2) the shareholders' meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(5) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If the company has a cause of dissolution specified in the preceding paragraph, it shall publicize the cause of dissolution on the National Enterprise Credit Information Publicity System within ten days.

In the event of paragraph (1) or (2) above, when the company has not yet distributed its assets to shareholders, the company may carry on its existence by amending its Articles of Association or resolution of the shareholders' meeting. The amendments to the Articles of Association or the resolution of the shareholders' meeting in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it shall undergo liquidation. Directors as persons with obligations of liquidation of the company should establish a liquidation group within 15 days of the date on which the dissolution matter occurs and commence the liquidation. The liquidation group shall be composed of directors, unless otherwise provided for by the company's Articles of Association or a resolution of the shareholders' meeting to appoint another person. The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must file an application to a people's court for bankruptcy liquidation in accordance with the laws. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall prepare a liquidation report and submit it to the shareholders' meeting or a people's court for confirmation and the company registration authority to apply for cancelation of the company's registration, and an announcement of its termination shall be published.

THE SECURITIES LAW OF THE PRC

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating, and supervising all securities related institutions in the PRC, and administering CSRC. The CSRC is the regulatory executive body of the Securities

Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The PRC Securities Law took effect on July 1, 1999, and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council.

THE OVERSEAS LISTING

On February 17, 2023, CSRC promulgated the Overseas Listing Trial 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**"), which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

An overseas offering and listing are prohibited under any of the following circumstances:

(1) the listing and financing fall under specific prohibiting in the laws, administrative regulations, and relevant national provisions;

(2) the overseas offering and listing may constitute endangers to national security as reviewed and determined by competent authorities under the State Council in accordance with law;

(3) the domestic company or its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;

(4) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;

(5) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

(1) change in controlling rights;

(2) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;

(3) changing the listing status or transferring the listing board;

(4) voluntary or compulsory termination of a listing.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings 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》), which was issued by the CSRC, the Ministry of Finance of the People's Republic of China, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

THE ARBITRATION LAW OF THE PRC

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the SCNPC declared that (I) the PRC would only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (II) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

SHARES AND REGISTERED CAPITAL

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same rights. All shares of the same class issued at the same time shall be issued under the same conditions and at the same price, and every share purchased by any entity or individual shall be at the same price.

INCREASE, DECREASE OF SHARE CAPITAL AND REPURCHASE OF SHARES

Increase of Share Capital

In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of a general meeting, increase its capital in the following manners:

(1) public offering of Shares;

(2) private offering of Shares;

(3) bonus issue of Shares to existing Shareholders;

(4) transfer of reserve fund into share capital;

(5) other methods permitted by laws, administrative regulations as well as approved by the CSRC and the securities regulatory authority at the location where the Company's Shares are listed.

Decrease of Share Capital

The Company may reduce its registered capital. The Company may reduce its registered capital in accordance with the procedures prescribed under the PRC Company Law, the rules of the securities regulatory authority at the location where the Company's Shares are listed, other relevant regulations and the Articles of Association.

Repurchase of Shares

The Company may, in the following circumstances, acquire the Company's own Shares in accordance with the laws and administrative regulations, the rules of the securities regulatory authority in the place where the Company's Shares are listed, and the provisions of the Articles of Association:

(1) to reduce the registered capital of the Company;

(2) to merger with other companies that hold the 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 general meeting;

(5) to use the Shares in the conversion of the convertible corporate bonds issued by the Company;

(6) to preserve the Company's value and Shareholders' interests as necessary.

Except for the circumstances set out above, the Company shall not carry out any activities to acquire its Shares.

Transfer of Shares

Shares issued before the public offering of the Company shall not be transferred within one year from the date on which the Company's Shares are listed and traded on the stock exchange.

The Directors and senior management of the Company shall report to the Company their Shares in the Company and changes thereof and shall not transfer more than 25% of the total number of their Shares in the Company per annum during their terms of office determined at the time of assuming office. The Shares of the Company held shall not be transferred within one year from the date when the Company's Shares are listed and traded. The aforesaid persons shall not transfer their Shares in the Company within half a year after they terminate service with the Company.

Rights and Obligations of Shareholders

Shareholders

The Company shall make a register of shareholders. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company's Shares. Shareholders shall enjoy rights and assume obligations according to the class of Shares they hold. Shareholders holding Shares of the same class shall enjoy the same rights and assume the same obligations.

Rights 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 the convening of, convene, preside over, attend or appoint a Shareholder's proxy to attend the general meeting and to exercise the corresponding voting rights;

(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 as well as the Articles of Association;

(5) to inspect and copy these Articles of Association, the register of Shareholders, minutes of the general meeting, resolutions of meetings of the Board of Directors, and financial and accounting reports;

(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 acquire their Shares;

(8) other rights stipulated by laws, administrative regulations, the rules of the securities regulatory authority at the location where the Company's Shares are listed or these Articles of Association.

Obligations of Shareholders

The Shareholders of the Company shall assume the following obligations:

(1) to comply with laws, regulations and the Articles of Association;

(2) to pay subscription funds based on the number of Shares subscribed and the method of subscription;

(3) not to withdraw their share capital, except in circumstances permitted by laws and regulations;

(4) not to abuse Shareholder's rights to prejudice the interests of the Company or other Shareholders; not to abuse the status of the Company as an independent legal person or the limited liability of a Shareholder to prejudice the interests of the creditors of the Company;

(5) to fulfil other obligations imposed by laws, administrative regulations, the rules of the securities regulatory authority at the location where the Company's Shares are listed and the Articles of Association.

General Meeting

Functions and Powers of the General Meeting

The general meeting shall have the following functions and powers:

(1) to change the principal business of the Group (including the Company and all its subsidiaries and branches);

(2) to consider any matters relating to (or resulting in) the acquisition of control rights, change of control, merger, consolidation and restructuring, division, termination, change of corporate form, or liquidation and dissolution of the Company;

(3) to consider any actions that would dilute the Shareholders' shareholding ratio;

(4) to consider amendments to the Articles of Association;

(5) to consider the issuance or repurchase of any Shares by the Company, increase or decrease of the Company's registered capital, or issuance of bonds or other types of securities;

(6) to consider and approve or amend the Company's listing plan (including but not limited to the selection of listing venue and listing scheme) and any changes thereto;

(7) to adopt or amend any employee equity incentive plan, employee stock option plan or other profit-sharing plan;

(8) to consider any outward investment, establishment of joint ventures, partnerships, subsidiaries or any other forms of outward investment by the Group exceeding RMB80 million;

(9) to consider matters where the Company's purchase or sale of assets or provision of guarantees to others within one year exceeds 30% of the Company's total audited assets as of the most recent period;

(10) to consider any investments in medium-risk or higher-risk wealth management products exceeding RMB30 million (provided that for entrusted wealth management activities conducted by the Group involving risks below medium-risk (excluding medium-risk), all Shareholders agree that such decisions may be made by the Company's management without the general meeting's approval), and to consider securities investments where the total amount exceeds 50% of the Company's most recent audited net assets and exceeds RMB50 million;

(11) to consider any transactions reaching the threshold requiring the general meeting's resolution as stipulated in the Articles of Association;

(12) to consider any guarantee matters requiring the general meeting's resolution as stipulated in the Articles of Association;

(13) to decide or amend the Company's annual financial budget, final accounts, annual business plan and investment plan;

(14) to elect Directors and change the composition of the Company's Board of Directors, including adjustments to the number of Directors or the method of appointing Directors;

(15) to decide on the Company's profit distribution and loss recovery plans;

(16) to sell, transfer, pledge, mortgage or create other forms of encumbrance on the shares or equity interests in the Company or its material subsidiaries (referring to subsidiaries whose individual net assets account for 30% or more of the Company's consolidated net assets);

(17) to consider any related transactions between the Group and its connected parties, major shareholders or their respective related parties exceeding RMB30 million and accounting for more than 1% of the Company's most recent audited total assets or market value (provided that related transactions within the Company's annual budget already approved by the general meeting do not require a separate resolution of the general meeting); to consider related transactions between the Group and its Directors, senior management personnel and their spouses (except where the Group receives cash assets or guarantees as gifts);

(18) to resolve on the appointment or dismissal of the Company's auditing firm;

(19) to consider and approve the Board of Directors' report and the Company's annual report;

(20) to consider other matters required by laws, administrative regulations, the securities regulatory authority at the location where the Company's Shares are listed, or the Articles of Association to be decided by the general meeting.

Notice of the General Meeting

The convener shall issue written notices 20 days prior to an annual general meeting and 15 days before an extraordinary general meeting.

Notice of the general meeting shall include the following contents:

(1) the date, venue and duration of the meeting;

(2) matters and proposals to be considered at the meeting;

(3) an express statement that a Shareholder is entitled to attend the general meeting, and to appoint proxy(ies) to attend and vote on his/her behalf at the meeting, and that a proxy need not be a Shareholder of the Company;

(4) the record date on which the Shareholders are entitled to attend the general meeting;

(5) the name and telephone number of permanent contact persons for the affairs of the meeting;

(6) other matters stipulated under the relevant laws and regulations, the securities regulatory authority at the location where the Company's Shares are listed and the Articles of Association.

Resolutions of General Meetings

Resolutions of a general meeting shall be divided into ordinary and special resolutions. An ordinary resolution of a general meeting shall be passed by a majority of the voting rights held by the Shareholders (including their proxies) present at the meeting. A special resolution of a general meeting shall be passed by more than two-thirds of the voting rights held by the Shareholders (including their proxies) present at the meeting.

The following matters shall require the sanction of a special resolution at a general meeting:

(1) Item (1) to (9) of functions and powers of the general meeting;

(2) Any external guarantee by the Company and any subsequent guarantee, whose total amount is equal to or more than 30% of the Company's latest audited total assets; and any guarantee exceeding 30% of the Company's latest audited total assets in accordance with the principle of cumulative calculation of the guarantee amount for 12 consecutive months;

(3) Other matters that are required by laws, administrative regulations or the Articles of Association or that are determined by an ordinary resolution of the general meeting to have a substantial impact on the Company shall be passed by special resolutions.

Board of Directors

Directors

The Directors shall be elected or re-elected at the general meeting. The term of office of each of the Directors is three years, and may be removed from their office prior to the expiration of their term by the general meeting. They shall be eligible for reelection upon the end of term.

The position of Directors may be held by the senior management, but the total number of Directors who concurrently hold the positions of senior management shall not exceed one half of the total number of Directors of the Company.

Functions and powers of the Board of Directors

The Company has established a Board of Directors which shall be accountable to the general meetings. The Board of Directors shall consist of 9 Directors, including 3 Independent Directors. The Board of Directors shall comprise one chairman and one vice chairmen. The chairman and the vice chairman shall be elected with the approval of a majority of all the Directors.

The Board of Directors exercises the following powers:

(1) to convene the general meetings and report its work to the general meetings;

(2) to implement the resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the Company's proposed annual financial budget and final accounts;

(5) to formulate the Company's proposals for profit distribution and for recovery of losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds or other securities and listing thereof;

(7) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, or merger, division, dissolution or change of the form of the Company;

(8) to decide on the Company's internal management structure;

(9) to formulate the Company's basic management system;

(10) to formulate a proposal to alter the principal business activities of the Group;

(11) to substantially change the Company's accounting policies, methods, principles or procedures, or change the Company's fiscal year;

(12) to consider the acquisition of controlling interests, change of control, merger, consolidation, reorganization, division, suspension, change of the form of the company, or liquidation or dissolution of any subsidiary of the Company involving (or resulting in) any subsidiary of the Company;

(13) to consider any foreign investment with an amount greater than RMB10 million, the establishment of joint ventures, partnerships, subsidiaries or any other form of foreign investment, or any investment in bank wealth management products with a medium risk or higher level with an amount greater than RMB10 million (but only for entrusted wealth management matters below medium risk (excluding medium risk) conducted by the Group, the management of the Company will make decisions without consideration by the general meetings or the Board of Directors), or the total securities investment of the Company accounts for more than 10% of the latest audited net assets and exceeds RMB10 million; however, if it meets the standards stipulated in the Articles of Association that need to be considered by the general meetings, it shall be submitted to the general meetings for review;

(14) to formulate the proposals for any amendment to the Articles of Association, and to decide on amendments to the Articles of Association of the subsidiaries of the Company;

(15) to consider the issuance or repurchase of any equity interest or shares, increase or decrease in the registered capital of the subsidiaries of the Company, the issuance of bonds or other types of securities;

(16) to review any related party transactions with a transaction amount of more than RMB300,000 between the Company and its related natural persons, and related party transactions with a transaction amount of more than RMB3 million and accounting for more than 0.1% of the Company's latest audited total assets or market value (but the related party transactions within the Company's annual budget approved by the general meetings do not need to pass a separate resolution of the Board of Directors); Where related party transactions meet the criteria specified in the Articles of Association that require deliberation by the general meeting, or where they are required to be deliberated by the general meetings regardless of the amount, they shall be submitted to the general meetings for deliberation;

(17) to formulate or modify the corresponding specific system according to the Employee Equity Incentive Plan, the Employee Stock Option Plan or other profit sharing plan considered and approved by the general meetings;

(18) to removal or appointment of senior management and determination of their remuneration packages;

(19) to consider the purchase, sale, lease (other than operating lease), transfer or other disposal of material assets by the Company with a single transaction exceeding RMB10 million or a cumulative amount exceeding RMB30 million within twelve consecutive months; however, if it meets the standards stipulated in the Articles of Association that need to be reviewed by the general meetings, it shall be submitted to the general meetings for review after deliberation and approval by the Board of Directors;

(20) to consider the exclusive authorization and transfer of material intellectual property rights of the Group and other rights disposal related to material intellectual property rights (including trademarks, copyrights, domain names, etc.);

(21) to review any expenditure of the Group that exceeds RMB10 million in a single transaction or within a consecutive 12-month period and is not included in the annual budget (but if the main business cost expenditure increases beyond the above amount due to the Company's normal business development needs, and if the labor cost increases beyond the above amount, there is no need to be reviewed by the Board of Directors);

(22) to review the Company's external guarantee matters as stipulated in the Articles of Association except those reviewed by the general meetings;

(23) to consider any conduct of the Group in initiating, settling or adopting certain tactics in connection with any litigation, arbitration or other proceedings involving or likely to involve an aggregate amount exceeding RMB10 million;

(24) to consider other matters beyond the currently approved business scope of the Group;

(25) to request to the general meetings to hire or replace the accounting firm for the Company's audit;

(26) to receive work report submitted by the President and to review his performance;

(27) to exercise other duties and powers specified by laws, administrative regulations, the securities regulatory authority of the place where the Company's shares are listed or the Articles of Association.

Notice of the Board meetings

Board meetings shall be held regularly at least four times every year, and shall be convened by the Chairman, with the notice of meeting sent in writing, by fax or email to all the Directors at least 14 days before the date of the meeting. The aforementioned notice period for convening regular Board meetings may be shortened or waived upon unanimous consent of all the Directors of the Company.

Resolutions of the Board of Directors

A meeting of the Board of Directors shall be held only if a majority of the Directors are present. Resolutions of the Board of Directors must be passed by a majority of all Directors.

If the Board makes a resolution in relation to guarantee matters within its scope of authority in accordance with the Articles of Association, such resolution shall be agreed by more than two-thirds of Directors attending the meeting, in addition to as agreed by a majority of Directors of the Company.

Special Committee of the Board of Directors

Audit Committee

The Company does not have a Board of Supervisors, and the Audit Committee exercises the functions and powers of the Board of Supervisors stipulated in the Company Law. The Audit Committee shall consist of three members, who shall be Directors who do not hold senior management positions in the Company, of whom at least two shall be Independent Directors, with an accounting professional from among the Independent Directors serving as the convener.

Nomination Committee

The Nomination Committee shall consist of three members, of whom at least two shall be Independent Directors, with the Independent Directors serving as the convener. The Nomination Committee is responsible for formulating the criteria and procedures for selection of Directors and senior management, selecting and reviewing the candidates for Directors and senior management and their qualifications.

Remuneration Committee

The Remuneration Committee shall consist of three members, of whom at least two shall be Independent Directors, with the Independent Directors serving as the convener. The Remuneration Committee is responsible for formulating and conducting assessment criteria for Directors and senior management, formulating and reviewing remuneration policies and plans such as the remuneration decision mechanism, decision-making process, payment and stop payment recourse arrangements for Directors and senior management.

Senior management

The Company's senior management includes the Company's President, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Technology Officer (CTO), Chief Scientist, Chief Product Director, and Board Secretary.

The President is appointed or dismissed by the Board of Directors. The term of office of the President is three years and the President can renew his term of office through re-election. The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Technology Officer (CTO), Chief Scientist, Chief Product Director, and Board Secretary are nominated by the President, and appointed or dismissed by the Board of Directors.

Financial and Accounting System, Profit Distribution and Audit

Financial and Accounting System

The Company shall formulate its financial and accounting system in accordance with the laws, administrative regulations, regulations of the securities regulatory authority of the place where the Company's shares are listed.

The Company shall not establish the statutory account books accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

Profit distribution

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

After the Company has extracted the statutory surplus reserve from the post-tax profit, it may, upon resolution of the general meetings, extract a discretionary surplus reserve from the post-tax profit. The remaining post-tax profit after the Company has made up for losses and extracted surplus reserves shall be distributed in proportion to the shares held by the Shareholders, except for otherwise provided by the Articles of Association.

If the general meeting violates the provisions of the preceding paragraph and distributes profits to the Shareholders before the Company has made up for losses and extracted the statutory surplus reserve, the Shareholders must return the profits distributed in violation of the regulations to the Company.

Shares held by the Company itself do not participate in the profit distribution.

Audit

The appointment and dismissal of an accounting firm by a company must be decided by the general meeting, and the Board of Directors may not appoint or dismiss an accounting firm before the general meeting decides.

The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and shall not refuse, conceal or misrepresent them.

Notices and Announcements

Notices of the Company shall be made by the following means:

(1) by hand;

(2) by mail (including email);

(3) by facsimile;

(4) by announcement on the website of the Company or the websites or newspapers designated by the stock exchange in accordance with the applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(5) by other means approved by laws, regulations and regulatory rules of the place where the shares of the Company are listed or those prescribed by these Articles of Association.

Where the Company issues a notice by public announcement, all relevant personnel shall be deemed to have received such notice once the public announcement has been made.

Dissolution and liquidation

The Company shall be dissolved upon the occurrence of the following events:

(1) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;

(2) a resolution on dissolution is passed by a general meeting;

(3) dissolution is required due to the merger or division of the Company;

(4) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(5) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the court to dissolve the Company.

If the Company is in the situation as described in Item (1) and (2) and has not yet distributed its properties to Shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the general meeting. The amendment of the Articles of Association as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the Shareholders attending the general meeting.

Amendments to the Articles of Association

The Company shall amend the Articles of Association in any of the following circumstances:

(1) after amendments are made to the Company Law or other relevant laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed;

(2) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(3) the general meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the general meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Establishment of Our Company

Our Company was incorporated as a limited liability company under the laws of the PRC on December 6, 2016 and was converted into a joint stock company with limited liability on December 6, 2021. Our registered address is at 1301-2A(10), Xinghe WORLDF Tower, No. 1, Yabao Road, Nankeng Community, Bantian Street, Longgang District, Shenzhen, Guangdong Province, PRC and the headquarters and principal place of business in the PRC is at 3F, Phase Two, Xinghe Lingchuang Tianxia, Nankeng Community, Bantian Street, Longgang District, Shenzhen, Guangdong Province, PRC.

We have established a place of business in Hong Kong at Unit 701–703, 7F, Lakeside 1, No. 8 Science Park West Avenue, Shatin, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [•] under the English corporate name of "Allystar Technology (Shenzhen) Co., Ltd." and Chinese corporate name of "深圳華大北斗科技股份有限公司." Ms. Yeung Siu Lam (楊兆琳), our joint company secretary, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

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 Appendices IV and V to this document.

2. Changes in the Share Capital of Our Company

For details on the changes in the share capital of our Company, see "History, Development and Corporate Structure."

On December 6, 2016, our Company was established as a limited liability company with a registered capital of RMB400,000,000. On December 6, 2021, our Company was converted into a joint stock company with limited liability, and our registered capital was RMB785,450,798 divided into 785,450,798 Shares with a nominal value of RMB1.00 each. As of the Latest Practicable Date, our registered share capital was RMB863,040,573. There has been no change to our Company's registered capital within two years immediately preceding the date of this document.

Immediately following the completion of the **[REDACTED]** and the **[REDACTED]** of Unlisted Shares into H Shares, assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised, our registered share capital will be increased to **[REDACTED]**, divided into **[REDACTED]** Unlisted Shares and **[REDACTED]** H Shares, fully paid up or credited as fully paid up, representing approximately **[REDACTED]** and approximately **[REDACTED]** of our enlarged share capital, respectively.

3. Changes in the Share Capital of our Subsidiaries

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

Xinhang Information (Shenzhen) Co., Ltd. (芯航信息(深圳)有限公司)

On September 13, 2024, the registered capital of Xinhang Information (Shenzhen) Co., Ltd. decreased from RMB50,000,000 to RMB2,000,000.

Xiamen Allystar

On September 30, 2024, the registered capital of Xiamen Allystar decreased from US$10,000,000 to US$2,150,000.

Allystar Information

On February 24, 2025, the issued share capital of Allystar Information increased from HK$1,000,000 to HK$16,580,692.

Hong Kong Allystar

On February 24, 2025, the issued share capital of Hong Kong Allystar increased from HK$275,279,300 to HK$298,650,338 and on May 30, 2025, its issued share capital was further increased to HK$337,548,733.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

At the general meeting of the Shareholders held on May 28, 2025, the following resolutions, among others, were duly passed:

(1) the **[REDACTED]** by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(2) that the number of H Shares to be **[REDACTED]** shall not be more than **[REDACTED]** H Shares, representing approximately **[REDACTED]** of the total issued share capital of our Company as enlarged by the **[REDACTED]** (before the exercise of the **[REDACTED]**), and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than **[REDACTED]** of the number of H Shares issued pursuant to the **[REDACTED]**;

(3) subject to the completion of the **[REDACTED]**, the revised Articles of Association be approved and adopted, which shall become effective on the **[REDACTED]** and the Board has been authorized to amend the Articles of Association in accordance with any legal, statutory requirements or any comments from any governmental or regulatory authorities;

(4) subjects to the CSRC's filing result, upon completion of the **[REDACTED]**, not more than **[REDACTED]** Unlisted Shares may be **[REDACTED]** into H Shares on a **[REDACTED]** basis; and

(5) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the **[REDACTED]**, the **[REDACTED]** of H Shares on the Stock Exchange.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights

As of the Latest Practicable Date, our Company had registered the following intellectual property rights which were material to our Group's business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
1	华大北斗 ALLYSTAR	9	The Company	PRC	23620525A	June 13, 2028
2	华大北斗 ALLYSTAR	42	The Company	PRC	23620649	June 27, 2028
3	华大北斗 ALLYSTAR	12	The Company	PRC	23621036	December 6, 2028
4	华大北斗 ALLYSTAR	9	The Company	PRC	23620525	April 13, 2029
5	华大北斗 ALLYSTAR	9	The Company	PRC	33103668	September 27, 2029
6	ALLYSTAR	9	The Company	PRC	39978516	May 6, 2031
7	cynosure	39	The Company	PRC	70661826	November 13, 2033
8	cynosure	38	The Company	PRC	70650933	November 13, 2033
9	cynosure	42	The Company	PRC	70636336	November 13, 2033
10	cynosure	12	The Company	PRC	70662693	November 20, 2033

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
11	cynosure	9	The Company	PRC	70652365	February 13, 2034
12	米度测控	38	Medo	PRC	68815939	June 27, 2033
13	MEDO	38	Medo	PRC	68830286	July 13, 2033
14	MEDO	42	Medo	PRC	68815958	September 13, 2033
15	MEDO	9	Medo	PRC	68831702	September 20, 2033
16	米度测控	42	Medo	PRC	68814110	September 6, 2033
17	米度测控	9	Medo	PRC	68827997	February 27, 2034
18	米度测控	9	Medo	PRC	73250793	April 27, 2034
19	跬图	9	Shanghai Kuitu Measurement & Control New Technology Research Co., Ltd. ("**Shanghai Kuitu**")	PRC	68938102	June 27, 2033
20	跬图	38	Shanghai Kuitu	PRC	68942546	June 27, 2033
21	跬图	42	Shanghai Kuitu	PRC	68934248	June 27, 2033

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
22		38	Shanghai Kuitu	PRC	69329153	July 13, 2033
23		9	Shanghai Kuitu	PRC	69326029	July 13, 2033
24		42	Shanghai Kuitu	PRC	69324649	July 13, 2033
25		37	Yunshang Medo (Guizhou) Technology Co., Ltd ("**Yunshang Medo**")	PRC	22371572	February 6, 2028
26		40	Yunshang Medo	PRC	22371438	February 6, 2028
27		35	Yunshang Medo	PRC	22371363	February 6, 2028
28		9	Yunshang Medo	PRC	22371075	March 27, 2028
29	ALLYSTAR	9, 35, 39, 42	The Company	Hong Kong	306352236	September 18, 2033
30	ALLYSTAR	9	The Company	European Union	1771669	December 12, 2033

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent Category	Registered owner	Place of registration	Registration number	Expiry date
1	Multi-task processing method, device, system, and storage medium for navigation chips 導航芯片的多任務處理方法、設備、系統以及存儲介質	Invention	The Company	PRC	201811106824.1	September 20, 2038
2	Receiver pulling method, apparatus, computer device, and storage medium 接收機牽引方法、裝置、計算機設備和存儲介質	Invention	The Company	PRC	201811307100.3	November 4, 2038
3	Signal demodulation method, apparatus, computer device, and storage medium 信號解調方法、裝置、計算機設備和存儲介質	Invention	The Company	PRC	201911011037.3	October 22, 2039
4	Signal acquisition method, apparatus, computer device, and storage medium 信號捕獲方法、裝置、計算機設備和存儲介質	Invention	The Company	PRC	201911011043.9	October 22, 2039
5	Adaptive measurement noise method for non-integrity constraints 非完整性約束自適應量測噪聲方法	Invention	The Company	PRC	202210536291.0	May 17, 2042
6	Automatic temperature compensation method for antenna inclinometer tilt 天線姿態儀傾角自動溫度補償方法	Invention	The Company	PRC	202210971503.8	August 14, 2042
7	Implementation method and system for SUPL service in Android GNSS drivers 安卓系統GNSS驅動的SUPL服務實現方法及系統	Invention	The Company	PRC	202210971499.5	August 14, 2042

No.	Patent name	Patent Category	Registered owner	Place of registration	Registration number	Expiry date
8	BeiDou short-message communication method, device, and storage medium based on eSim 基於eSim的北斗短報文通信方法、裝置及存儲介質	Invention	The Company	PRC	202310359395.3	April 5, 2043
9	Automatic DC error cancellation device and method for transmitter systems 應用於發射機系統的直流誤差自動消除裝置及方法	Invention	The Company	PRC	202310787212.8	June 29, 2043
10	Gross error detection and elimination method for GNSS solution domain 面向GNSS解算域的粗差探測與剔除方法	Invention	The Company	PRC	202310994870.4	August 8, 2043
11	RC calibration circuit 一種RC校準電路	Invention	The Company	PRC	202411075810.3	August 6, 2044
12	Navigation module testing system 導航模組測試系統	Utility Model	The Company	PRC	201822129448.X	December 17, 2028
13	Indoor-outdoor integrated positioning system 室內外組合定位系統	Utility Model	The Company	PRC	201922203012.5	December 9, 2029
14	Navigation module testing device and system 導航模組測試裝置及系統	Utility Model	The Company	PRC	202020685487.2	April 27, 2030
15	Multi-frequency positioning terminal 多頻定位終端	Utility Model	The Company	PRC	202020498061.6	April 7, 2030
16	Integrated communication-navigation module based on GNSS and mobile cellular networks 基於GNSS技術和移動蜂窩網絡的通導一體模組	Utility Model	The Company	PRC	202122315378.9	September 23, 2031

No.	Patent name	Patent Category	Registered owner	Place of registration	Registration number	Expiry date
17	GNSS-based intelligent traffic cone 基於GNSS定位的智能交通路錐	Utility Model	The Company	PRC	202220956169.4	April 23, 2032
18	High-speed unidirectional signal level-shifting circuit 高速單向信號電平轉換電路	Utility Model	The Company	PRC	202221242475.8	May 22, 2032
19	Low-power, low-cost, miniaturized high-precision vehicle tracker 低功耗低成本小型化車載高精度定位跟蹤器	Utility Model	The Company	PRC	202222370331.7	September 6, 2032
20	Inclinometer testing equipment 姿態儀測試設備	Utility Model	The Company	PRC	202223129959.4	November 23, 2032
21	INS-assisted GNSS positioning gross error elimination method and system INS輔助GNSS定位的粗差剔除方法及系統	Invention	Beijing Allystar	PRC	202111439101.5	November 28, 2041
22	Smoothing filter method and filter based on NWPR C/N0 algorithm 基於NWPR載噪比算法的平滑濾波方法及濾波器	Invention	Beijing Allystar	PRC	202111471799.9	December 5, 2041
23	Multi-reference station ephemeris merging method 多基站星曆合併方法	Invention	Beijing Allystar	PRC	202210483231.7	May 5, 2042
24	Method, device, and storage medium for base station site selection in satellite navigation systems 衛星導航系統基站選址的方法、裝置及存儲介質	Invention	Beijing Allystar	PRC	202210989584.4	August 17, 2042
25	RDSS short-message implementation system and method based on wireless networks 基於無線網絡的RDSS短報文功能實現系統及方法	Invention	Beijing Allystar	PRC	202310377414.5	April 10, 2043

No.	Patent name	Patent Category	Registered owner	Place of registration	Registration number	Expiry date
26	Rescue handheld device 救援手持設備	Utility Model	Beijing Allystar	PRC	202222789978.3	October 20, 2032
27	BeiDou-3 RDSS phone back clip 北斗三號RDSS手機背夾	Utility Model	Beijing Allystar	PRC	202320779938.2	April 10, 2033
28	BeiDou-3 RDSS short-message modem 北斗三號RDSS短報文貓	Utility Model	Beijing Allystar	PRC	202320779940.X	April 10, 2033
29	Dual-frequency receiver RF front-end circuit 雙頻接收機射頻前端電路	Utility Model	Beijing Allystar	PRC	202321881512.4	July 17, 2033
30	Automatic rotating device for inclinometer tubes 一種測斜管自動旋轉裝置	Invention	Medo	PRC	202011413065.0	December 6, 2040
31	Movable inclinometer and method for deep horizontal displacement measurement 一種深層水平位移測量的活動式測斜儀及方法	Invention	Medo	PRC	202210971248.7	August 14, 2042
32	Measurement method and device for horizontal rotation angle of inclinometer tubes 測斜管水平旋轉角的測量方法及測量設備	Invention	Medo	PRC	202310250423.8	March 15, 2043
33	Self-checking high-precision inclinometer device and method 一種精度自檢測斜裝置和方法	Invention	Medo	PRC	202410683870.7	May 29, 2044
34	Automatic traction measurement device for geotechnical engineering 一種用於岩土工程的自動牽引測量裝置 .	Utility Model	Medo	PRC	201920289569.2	March 6, 2029
35	Integrated emergency crack monitoring terminal 一種一體化應急裂縫監測終端	Utility Model	Medo	PRC	201821676750.0	October 15, 2028

No.	Patent name	Patent Category	Registered owner	Place of registration	Registration number	Expiry date
36	Automatic measurement device for horizontal geotechnical displacement 一種用於岩土水平位移的自動測量裝置 .	Utility Model	Medo	PRC	201920289612.5	March 6, 2029
37	Novel guide wheel structure for movable inclinometers 一種應用於活動式測斜儀的新型導輪結構	Utility Model	Medo	PRC	202121042237.8	May 16, 2031
38	Self-retracting automated liquid level monitoring device 一種自收納式自動化液位監測裝置. . . .	Utility Model	Medo	PRC	202222388984.8	September 7, 2032
39	Lift-type fully automatic liquid level monitoring device 一種提拉式全自動液位監測裝置	Utility Model	Medo	PRC	202222545579.2	September 25, 2032
40	Portable assisted automatic inclinometer robot一種便攜式輔助自動測斜機器人 . .	Utility Model	Medo	PRC	202222938571.2	November 3, 2032
41	Wireless inclinometer 一種無線測斜儀	Utility Model	Medo	PRC	202320093605.4	January 30, 2033
42	GNSS-based integrated troposphere-ionosphere detection receiver 一種基於GNSS的水汽電離層融合探測接收機	Utility Model	Medo	PRC	202322003630.1	July 27, 2033
43	Patrol data collector for forestry safety monitoring 一種應用於林業安全監測的巡航採集器 .	Utility Model	Shanghai Kuitu; Medo	PRC	202322014343.0	July 27, 2033
44	BeiDou-powered energy-saving collector for forestry protection 一種應用於林業保護的北斗定位節能採集器	Utility Model	Medo	PRC	202321744704.0	July 3, 2033

No.	Patent name	Patent Category	Registered owner	Place of registration	Registration number	Expiry date
45	BeiDou handheld inspection terminal for forestry protection 一種應用於林業保護的北斗定位手持巡檢終端	Utility Model	Medo	PRC	202321742308.4	July 3, 2033
46	Inclinometer accuracy verification structure 一種測斜儀精度檢定結構	Utility Model	Shanghai Kuitu; Medo	PRC	202322689733.8	October 7, 2033
47	Integrated smart farmland irrigation and drainage control gate device 一種智慧農田灌排測控一體化閘門裝置 .	Utility Model	Medo; Shanghai Kuitu	PRC	202323113037.9	November 16, 2033
48	Mobile gate control device for irrigation districts 灌區閘門移動控制裝置.	Utility Model	Medo; Shanghai Kuitu	PRC	202420423827.2	March 4, 2034
49	Anti-freezing rotating structure for inclinometers 一種防凍結的測斜儀旋轉結構	Utility Model	Medo; Shanghai Kuitu	PRC	202420585001.6	March 24, 2034
50	Monitoring terminal 一種監測終端	Utility Model	Yunshang Medo; Guizhou Geo-Environment Monitoring Institute* (貴州省地質環境監測院)	PRC	201721063874.7	August 23, 2027
51	Satellite signal receiving device, security sensor, and security chip 衛星信號接收器、安全傳感器及安全芯片	Invention	The Company	US	US 11,204,427 B2	October 31, 2037

(c) Copyright

As of the Latest Practicable Date, we had registered the following software copyright which we considered to be material to our business:

No.	Copyright	Owner	Registration number	Registration date	Place of registration
1	Allystar navigation chip encryption software 華大北斗導航芯片加密軟件	The Company	2017SR667334	December 5, 2017	PRC
2	Allystar SDK software (HD8030-based) 華大北斗基於HD8030的SDK軟件.	The Company	2017SR667081	December 5, 2017	PRC
3	Allystar SDK secondary development software 華大北斗SDK二次開發軟件	The Company	2017SR684544	December 13, 2017	PRC
4	Allystar single-carrier test software 華大北斗單載波測試軟件	The Company	2019SR1178190	November 20, 2019	PRC
5	Allystar weather balloon analysis software 華大北斗探空氣球分析軟件	The Company	2020SR1620034	November 20, 2020	PRC
6	Signal attenuation controller software (Allystar navigation chip-based) 基於華大北斗導航芯片開發的信號衰減控制器軟件	The Company	2020SR1616799	November 20, 2020	PRC
7	Allystar GNSS evaluation Satrack software 華大北斗GNSS測評Satrack軟件	The Company	2020SR1621354	November 23, 2020	PRC
8	Mass production test software (Allystar chip-based) 基於華大北斗芯片量產測試軟件	The Company	2020SR1621353	November 23, 2020	PRC
9	Allystar A-GNSS local ephemeris test software 華大北斗A-GNSS本地星曆測試軟件	The Company	2020SR1621327	November 23, 2020	PRC
10	Allystar A-GNSS statistical software 華大北斗A-GNSS統計軟件.	The Company	2020SR1621217	November 23, 2020	PRC
11	Allystar A-GNSS local ephemeris upload software 華大北斗A-GNSS本地星曆上傳軟件	The Company	2020SR1657818	November 26, 2020	PRC

No.	Copyright	Owner	Registration number	Registration date	Place of registration
12	Embedded control software for dual-serial independent communication (Allystar navigation chip-based) 基於華大北斗導航芯片開發的雙串口獨立通訊的嵌入式控制軟件	The Company	2021SR1267368	August 26, 2021	PRC
13	BeiDou-3 RDSS monitoring software 北斗三RDSS監控軟件	The Company	2023SR0572424	May 30, 2023	PRC
14	GPRS_RTK data acquisition software (Allystar HD8040 navigation chip-based) 基於華大北斗HD8040導航芯片的GPRS_RTK數據獲取軟件. . .	The Company	2018SR945744	November 27, 2018	PRC
15	Personalized ephemeris filtering algorithm interface software 個性化星曆過濾算法接口軟件	The Company	2021SR1690564	November 10, 2021	PRC
16	Offline ephemeris distribution software 離線星曆發佈軟件.	The Company	2021SR1690563	November 10, 2021	PRC
17	Regional ephemeris filtering software 區域星曆過濾軟件.	The Company	2022SR0247565	February 18, 2022	PRC
18	RTCM decoding & data monitoring software RTCM解碼及數據監控軟件	The Company	2022SR1024991	August 5, 2022	PRC
19	GNSS system sensitivity automated test platform GNSS系統靈敏度自動化測試平台	The Company	2023SR0323601	March 13, 2023	PRC
20	Medo GNSS high-precision real-time deformation monitoring software 米度GNSS高精度實時形變監測軟件	Medo	2012SR032595	April 25, 2012	PRC
21	Medo BeiDou data operation service platform software 米度北斗數據運營服務平台軟件	Medo	2015SR079003	May 11, 2015	PRC
22	National geological disaster monitoring & early warning system 國土地災監測與分析預警系統	Medo	2016SR229584	August 23, 2016	PRC
23	Online safety monitoring analysis cloud platform (iOS edition) 在線安全監測分析管理雲平台（iOS版）	Medo	2019SR0059571	January 17, 2019	PRC

No.	Copyright	Owner	Registration number	Registration date	Place of registration
24	Medo IoT device management APP software 米度物聯網設備管理APP軟件	Medo	2020SR1050336	September 7, 2020	PRC
25	Medo tailings pond safety monitoring & early warning platform software 米度尾礦庫安全監測預警管理平台軟件	Medo	2021SR0202211	February 5, 2021	PRC
26	Medo IoT smart management cloud platform software 米度物聯網智能管理雲平台軟件	Medo	2021SR1262491	August 25, 2021	PRC
27	Medo foundation pit automated monitoring cloud platform software 米度基坑自動化監測雲平台軟件	Medo	2021SR1920905	November 29, 2021	PRC
28	Medo hydraulic dam automated monitoring platform software 米度水利大壩自動化監測平台軟件	Medo	2022SR0925478	July 13, 2022	PRC
29	Medo national park forest resource management software 米度國家公園森林資源管理軟件	Medo	2023SR0900624	August 7, 2023	PRC
30	Medo digital twin reservoir management platform software 米度數字孿生水庫管理平台軟件	Medo; Shanghai Kuitu	2024SR0090918	January 12, 2024	PRC
31	Medo smart river basin integrated management platform software 米度智慧水利流域綜合管理平台軟件	Medo; Shanghai Kuitu	2024SR0098409	January 15, 2024	PRC
32	Medo smart farm command platform software 米度智慧農場指揮平台軟件	Medo; Shanghai Kuitu	2024SR0098480	January 15, 2024	PRC
33	Medo single-BeiDou millimeter-level positioning solution software 米度單北斗定位毫米級精度解算軟件	Medo	2024SR0784921	June 11, 2024	PRC
34	Medo GNSS multipath effect elimination high-precision solution software 米度GNSS多徑效應消除高精度解算軟件	Medo	2024SR1063359	July 25, 2024	PRC
35	Medo safety monitoring integrated cloud platform software 米度安全監測綜合管理雲平台軟件	Medo	2024SR1723161	November 7, 2024	PRC

No.	Copyright	Owner	Registration number	Registration date	Place of registration
36	Kuitu natural ecological resource visualization software 跬圖自然生態資源可視化管理軟件	Shanghai Kuitu	2023SR0890907	August 2, 2023	PRC
37	Smart agriculture monitoring platform 智慧農業監測平台.	Yunshang Medo	2018SR203238	March 26, 2018	PRC
38	Yunshang Medo smart sanitation cloud service platform 雲上米度智慧環衛雲服務平台	Yunshang Medo	2019SR0313694	April 9, 2019	PRC
39	Yunmin (雲米) mine safety monitoring cloud platform 雲米礦山安全監測雲服務平台	Yunshang Medo	2019SR1261476	December 2, 2019	PRC
40	Yunmin (雲米) dam safety monitoring cloud platform 雲米大壩安全監測雲服務平台	Yunshang Medo	2019SR1277745	December 4, 2019	PRC
41	Yunmin (雲米) geological disaster early warning cloud platform 雲米地質災害監測預警雲服務平台	Yunshang Medo	2019SR1277725	December 4, 2019	PRC
42	Yunmin (雲米) multi-precision deformation monitoring software 雲米多精度級別形變監測軟件	Yunshang Medo	2021SR1613982	November 2, 2021	PRC
43	Yunmin (雲米) online integrated monitoring system server (B/S edition) software 雲米在線綜合監測系統服務端（B/S版）軟件	Yunshang Medo	2021SR1613981	November 2, 2021	PRC
44	Yunmin (雲米) IoT terminal data acquisition software 雲米物聯網終端數據採集軟件	Yunshang Medo	2022SR0226367	February 14, 2022	PRC
45	Yunmin (雲米) smart water conservancy integrated management system 雲米智慧水利綜合管理系統	Yunshang Medo	2022SR0226338	February 14, 2022	PRC

(d) Integrated circuit layout designs

As of the Latest Practicable Date, we had registered the following integrated circuit layout designs which are material to our business:

No.	Name of design	Owner	Registration number	Application date	Place of registration
1	HD8030.	The Company	BS.185552102	April 11, 2018	PRC
2	HD8029.	The Company	BS.185009409	August 6, 2018	PRC
3	HD8040.	The Company	BS.205538037	June 1, 2020	PRC
4	HD8020.	The Company	BS.205538045	June 1, 2020	PRC
5	HD8120.	The Company	BS.205538088	June 1, 2020	PRC
6	HD3040.	The Company	BS.20557730X	September 24, 2020	PRC
7	High-performance, low-power consumption BeiDou navigation and positioning chip 高性能低功耗北斗導航定位芯片	The Company	BS.225592266	August 29, 2022	PRC
8	Multi-system, multi-frequency high-precision SoC chip supporting BeiDou-3 signal system 支持北斗三號信號體制的多系統多頻高精度SoC芯片.	The Company	BS.225594722	September 5, 2022	PRC
9	High-precision positioning chip supporting single-BeiDou and BeiDou-priority modes 支持單北斗及北斗優先的高精度定位芯片	The Company	BS.225597624	September 15, 2022	PRC
10	Multi-system, multi-frequency high-precision SoC chip supporting chip-level raw observation output 支持芯片級原始觀測量輸出的多系統多頻高精度SoC芯片. . .	The Company	BS.225600471	September 26, 2022	PRC

No.	Name of design	Owner	Registration number	Application date	Place of registration
11	BeiDou positioning chip supporting both satellite-based and ground-based augmentation 支持星基及地基增強的北斗定位芯片	The Company	BS.225604167	October 9, 2022	PRC
12	RDSS_TRX	The Company	BS.235533564	May 12, 2023	PRC
13	HD8140	The Company	BS.235533343	May 11, 2023	PRC

(e) Domain names

As of the Latest Practicable Date, we had registered the following domain names which we considered to be material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1	allystar.com	The Company	March 12, 2013	March 12, 2028
2	shmedo.cn	Medo	February 21, 2012	February 21, 2028
3	medo-tech.cn	Yunshang Medo	March 22, 2017	March 22, 2026

Save as aforesaid, as at the Latest Practicable Date, there were no other intellectual property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests of our Directors and Chief Executive

Immediately following the completion of the **[REDACTED]** and **[REDACTED]** of Unlisted Shares into H Shares (without taking into account any H Shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the **[REDACTED]** Share Option Scheme), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are **[REDACTED]** on the Stock Exchange, will be as follows:

Interests in our Company

Name of Director, Supervisor or Chief Executive	Position	Nature of Interest	Number and Class of Shares held upon completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares(1)	Approximate percentage of shareholding in total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in the total Unlisted Shares/H Shares immediately upon completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares
Mr. Sun	Chairman of our Board, executive Director and president	Interest in controlled corporation	**[REDACTED]**(2)	7.79%	**[REDACTED]**	**[REDACTED]**
		Beneficial owner	**[REDACTED]**(3)	0.10%	**[REDACTED]**(3)	**[REDACTED]**
Mr. Lu Wei (鹿偉)	Executive Director and chief executive officer	Beneficial owner	**[REDACTED]**(4)	0.27%	**[REDACTED]**	**[REDACTED]**
		Beneficial owner	**[REDACTED]**(5)	0.08%	**[REDACTED]**(5)	**[REDACTED]**

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, 36,128,933 Shares, 23,020,000 Shares and 8,040,000 Shares were held by Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang and Gongqingcheng Beidou Huihang, respectively. The general partner of Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang and Gongqingcheng Beidou Huihang was Beidou Qihang, which was owned as to 99.00% and 1.00% by Mr. Sun and Ms. Zheng Hanxiao (鄭寒瀟), chief financial officer of our Company and director of Medo, respectively. As such, under the Part XV of the SFO, Mr. Sun is deemed to be interested in 67,188,933 **[REDACTED]** Shares held by Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang and Gongqingcheng Beidou Huihang.

(3) 825,000 share options were granted to Mr. Sun under the **[REDACTED]** Share Option Scheme to subscribe for 825,000 Shares. Pursuant to the rules of the **[REDACTED]** Share Option Scheme, the source of underlying Shares in respect of the options granted under the **[REDACTED]** Share Option Scheme includes Unlisted Shares, H Shares and treasury Shares of the Company and the Board will determine the types of Shares to be issued upon the exercise of the options based on the circumstances at the time of the exercise. See "— D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme."

(4) Mr. Lu Wei was granted awards pursuant to the Employee Share Ownership Plan (as defined below) representing a total of 2,300,000 H Shares.

(5) 675,000 share options were granted to Mr. Lu Wei under the **[REDACTED]** Share Option Scheme to subscribe for 675,000 Shares. Pursuant to the rules of the **[REDACTED]** Share Option Scheme, the source of underlying Shares in respect of the options granted under the **[REDACTED]** Share Option Scheme includes Unlisted Shares, H Shares and treasury Shares of the Company and the Board will determine the types of Shares to be issued upon the exercise of the options based on the circumstances at the time of the exercise. See "— D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme."

2. Substantial Shareholders

For the information of the persons who will, immediately following the completion of the **[REDACTED]** and **[REDACTED]** of Unlisted Shares into H Shares (without taking into account any H Shares which may be issued pursuant to the exercise of the **[REDACTED]** or the options granted under the **[REDACTED]** Share Option Scheme) have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will directly and/or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see "Substantial Shareholders."

Save as set out below, our Directors are not aware of any other person (other than our Directors or chief executive) who will, immediately following completion of the **[REDACTED]**, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company:

Our subsidiary	Registered capital	Name of the substantial shareholder	Approximate percentage of shareholding
Medo	RMB24,642,936	Li Weiyu	34.34%
		Shanghai Ronghe Enterprise Management Consulting Partnership (Limited Partnership)	7.10%
Yunshang Medo (Guizhou) Technology Co., Ltd..	RMB10,000,000	Yushang Guizhou Big Data Industrial Development Co., Ltd.	10.00%

3. Particulars of Directors' Contracts

[Each of our Directors has entered into a service contract or appointment letter with our Company. Each service contract is for an initial term of three years. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).]

4. Remuneration of Directors

See "Directors and Senior Management" and Note 8 to the Accountants' Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors for each of the three years ended December 31, 2024.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

5. Disclaimers

Save as disclosed in this Appendix and in sections headed "Directors and Senior Management" and "Substantial Shareholders":

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are **[REDACTED]** on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors nor any of the persons listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;

(e) save in connection with **[REDACTED]**, none of the persons listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) none of our Directors or their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers during the Track Record Period.

D. [REDACTED] SHARE INCENTIVE SCHEMES

Employee Share Ownership Plan

1. Overview

The following is a summary of the principal terms of the current employee share ownership plan of our Company (the "**Employee Share Ownership Plan**"). The Employee Share Ownership Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options or share awards by our Company to subscribe for the Shares after the **[REDACTED]**. Given the underlying Shares under Employee Share Ownership Plan had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Share Ownership Plan.

As of the Latest Practicable Date, Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang, and Gongqingcheng Beidou Huihang were the Company's Employee Shareholding Platforms holding 36,128,933, 23,020,000 and 8,040,000 underlying Shares of the Company, respectively. For details of each Employee Shareholding Platforms, see "History, Development and Corporate Structure — Employee Shareholding Platforms."

2. Purpose

The purpose of the Employee Share Ownership Plan is to recognize the contribution of our employees to the Group and motivate them to further promote the development of our Group.

3. *Eligible participants*

In principle, eligible participants shall include directors and employees of our Group, or individuals recognized by the Board or the administrator (being the chief executive officer of our Company) as having made significant contributions to the Group.

4. *Grant of awards*

The selected participants under the Employee Share Ownership Plan (the "**Participants**") are granted awards in the form of partnership interest in Employee Shareholding Platforms and become indirectly interested in our Shares through their respective interests as limited partners of Employee Shareholding Platforms. The Participants are not entitled to any voting rights in our Company through the respective Employee Shareholding Platforms.

As of the Latest Practicable Date, an aggregate of 36,128,933, 23,020,000 and 8,040,000 underlying Shares held by Hainan Beidou Qihang, Gongqingcheng Beidou Shouhang, and Gongqingcheng Beidou Huihang were granted to 44, 46 and 18 Participants, respectively. Such Participants shall become the beneficial owners of their respective partnership interests upon payment of exercise prices.

As of the Latest Practicable Date, all the underlying Shares under the Employee Share Ownership Plan had been granted to the relevant Participants.

5. *Exit Mechanism*

Participants may realize the economic benefits attached to the underlying Shares by applying to the corresponding Employee Shareholding Platforms, who shall then sell the underlying Shares in the open market and distribute the sale proceeds to the relevant Participants after deducting relevant taxes and fees.

6. *Restrictions on Transfer*

After the **[REDACTED]**, in addition to the restrictions under the Employee Share Ownership Plan, the transfer or sale of our Shares by the Participants shall be subject to the lock-up requirements under the relevant laws and regulations and the stock exchange rules, or the respective agreements entered into between the Company and the relevant Participants pursuant to the terms of the Employee Share Ownership Plan (if applicable).

[REDACTED] Share Option Scheme

A summary of the principal terms of the **[REDACTED]** Share Option Scheme approved and adopted by our Shareholders on May 28, 2025 is set out below.

1. Who may participate

The scope of the eligible participants ("**Eligible Participants**") is determined, having taken into account the actual situation of the Company, in accordance with the PRC Company Law, the PRC Securities Law, other relevant laws, regulations and regulatory documents and the Articles of Association.

The Eligible Participants include directors and senior management, mid-level management, core technical personnel, key technical and business personnel of our Company and subsidiaries, or other personnel who is deemed to have direct impact on the overall results and continuous development of our Company.

2. Grant of Options

An option ("**Option**") shall be granted to an Eligible Participant by signing an option award agreement (the "**Option Agreement**") with the Company, specifying their respective rights and obligations. The grant of Option is subject to approval by our Shareholders in the general meeting, verification by the Board and the opinion of the independent non-executive Directors. All Options shall be granted to the Eligible Participant (the "**Grantee**") in accordance with the rules of the **[REDACTED]** Share Option Scheme.

3. Exercise price

Subject to the rules of the **[REDACTED]** Share Option Scheme, the exercise price in respect of any Options granted shall be RMB3.0 per Share.

4. Duration of the* [REDACTED] *Share Option Scheme

The **[REDACTED]** Share Option Scheme shall be valid and effective for the period commencing from the date of grant of Options (the "**Effective Date**") and expiring on the day when all Options granted under the **[REDACTED]** Share Option Scheme are exercised or cancelled, and shall in any event no later than the date which is ten years after the Effective Date. No Options may be granted from the **[REDACTED]**.

5. *Exercise of Options*

The Options shall not be exercised before the **[REDACTED]**. Subject to satisfaction of the relevant conditions of exercise, the Options shall be exercisable after the **[REDACTED]** in three batches and in accordance with the following arrangement:

Exercise period	Duration	Proportion of exercisable Options to the total number of Options granted
Exercise period in respect of the first batch of the Options	For a period of 12 months commencing on the later of: (i) first **[REDACTED]** day after the expiration of the 12-month period from the date of grant and (ii) the **[REDACTED]** (the "**First Exercise Date**")	30%
Exercise period in respect of the second batch of the Options	Commencing on the first **[REDACTED]** day after the expiration of the 12-month period from the First Exercise Date and ending on the last **[REDACTED]** day of the 24-month period from the First Exercise Date	30%
Exercise period in respect of the third batch of the Options	Commencing on the first **[REDACTED]** day after the expiration of the 24-month period from the First Exercise Date and ending on the last **[REDACTED]** day of the 36-month period from the First Exercise Date	40%

The source of underlying Shares in respect of the options granted under the **[REDACTED]** Share Option Scheme includes Unlisted Shares, H Shares and treasury Shares of the Company. The Board will determine the types of Shares to be issued upon the exercise of the options based on the circumstances at the time of the exercise.

If the relevant conditions of exercise in respect of the relevant exercise period are not fulfilled, the relevant batch of the Options shall not be exercised or become exercisable in the next exercise period, and shall be cancelled by the Company.

6. Lock-up

The Shares to be issued to the Grantees pursuant to the exercise of the Options are subject to lock-up restrictions in accordance with PRC Company Law, the PRC Securities Law and other relevant laws and regulations and the Articles of Association, in particular, where the Grantee is a Director, supervisor or a member of the senior management of our Company, the number of Shares which may be transferred by the Grantee each year during his/her tenure of office shall not exceed 25% of the total number of the Shares held by him/her, and the Grantee shall not transfer any Shares held by him/her within (x) one year from the **[REDACTED]** and (y) six months after his/her resignation from the positions held in our Group.

7. Ranking of the Shares

The Shares to be allotted and issued upon the exercise of an Option will be subject to the rules of the **[REDACTED]** Share Option Scheme, other relevant law and regulations and the Articles of Association and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option subject to the rules of the **[REDACTED]** Share Option Scheme.

8. Transfer of Options

Grantees may transfer the Shares obtained after exercise of options, subject to relevant laws, regulations and the **[REDACTED]** Share Option Scheme.

9. Arrangements for Special Circumstances

(a) Corporate Changes

If any of the following events occur:

(i) our Company undergoes a merger or division and the Shareholders approved the termination of the **[REDACTED]** Share Option Scheme within ten **[REDACTED]** days after such event; or

(ii) our Company changes its control and the Shareholders approved the termination of the **[REDACTED]** Share Option Scheme within ten **[REDACTED]** days after such event; or

(iii) other events, including the auditor gives adverse opinion or disclaimer of opinion for our Company's latest annual financial report or internal control report, our Company's distribution of profits within the last 36 months is inconsistent with the relevant laws, regulations, the provisions of the Articles of Association and public commitment, the Scheme is prohibited from implementing by laws and regulations, and the relevant securities regulator mandates the termination of the Scheme,

the **[REDACTED]** Share Option Scheme shall terminate, and all the Grantee's Options which are not yet exercised shall be cancelled by our Company.

If the grant or exercise of Options is invalidated by reason of false or misleading statements or material omissions in our Company's disclosures, all the Grantee's Options which are not yet exercised shall be cancelled by our Company, and any proceeds he/she obtained through transferring of his/her Options shall be reimbursed to our Company (without deducting any costs, expenses and taxes in relation to the exercise and transfer of Options).

(b) Arrangement for Departing Grantees

If the Grantee's employment or service with our Company or its subsidiaries is terminated for Cause (as defined below) (including by way of resignation, retirement, death, incapacitation, dismissal or non-renewal of the employment or service agreement upon its expiration), all his/her Options which are not yet exercised shall be cancelled by our Company, and any proceeds he/she obtained through transferring of his/her Options shall be reimbursed to our Company (without deducting any costs, expenses and taxes in relation to the exercise and transfer of Options).

In the event that the Grantee retires, dies, became incapacitated (not in course of performing his/her duties for our Company or its subsidiaries) or his/her employment of service with our Company or its subsidiaries is terminated for any reason other than for Cause, all his/her Options which are not yet exercised shall be cancelled by our Company. In the event that the Grantee became incapacitated in the course of performing his/her duties for our Company or its subsidiaries and not for Cause, all his/her Options which are exercisable but not yet exercised shall remain exercisable and shall be exercised subject to adjustments to the relevant conditions of exercise (including having no regard to individual performance). If the Grantee is re-employed after his retirement, all his/her Options shall remain exercisable and shall be exercised subject to the rules of the **[REDACTED]** Share Option Scheme as at before his/her retirement.

For the purpose of the **[REDACTED]** Share Option Scheme, "**Cause**" means, with respect to a Grantee, the termination of employment or office or change of position on any one or more of the following grounds: the Grantee (i) materially breached any agreements between him/her and our Group, (ii) makes serious misrepresentations or omissions in relation to his/her employment or service, (iii) violates professional ethics, leaks confidential information, commits negligence or malfeasance, or involves in illegal acts, (iv) materially fails to fulfil his/her obligations as a director, consultant or employee of our Group, disregards reasonable instructions or our Group's policies, (v) violates relevant laws or regulations or engages in acts which severely harm our Group's interests and reputation, or (vi) violates his/her obligation not to serve or provide service as a director, senior management member, employee, consultant, advisor at or hold more than 1% of shares of an enterprise that competes with our Group during his/her employment or within twelve months after his/her departure. To avoid any doubt, our Company has the discretion to decide whether or not the Grantee's termination of employment or office involves any of the grounds under Cause.

(c) Change of role of Grantee

If the Grantee's role at our Company or its subsidiaries is changed for any reason other than for Cause and he/she remains within our Group, all his/her Options shall remain exercisable and shall be exercised subject to the rules of the **[REDACTED]** Share Option Scheme. In the event that the change is due to any of the grounds under Cause, all his/her Options which are not yet exercised shall be cancelled by our Company, and any proceeds he/she obtained through transferring of his/her Options shall be reimbursed to our Company (without deducting any costs, expenses and taxes in relation to the exercise and transfer of Options). In the event that the Grantee is no longer eligible to hold any share of our Company, all his/her Options which are not yet exercised shall be cancelled by our Company.

(d) Change of control of our subsidiaries where the Grantee works

In the event that our Company loses its control over any of its subsidiaries which the Grantee is employed or serves at, unless the Grantee's role is transferred to our Company or its other subsidiaries which are under its control, all Grantee's Options which are not yet exercised shall be cancelled by our Company.

(e) Grantee loses eligibility

In any event where the Grantee loses his/her eligibility to the **[REDACTED]** Share Option Scheme (including the Grantee is being deemed by the Stock Exchange or a relevant securities regulator as unfit to hold our Company's shares within twelve months preceding the exercise of Options, received penalties, disciplinary actions or prohibitions from market due to a material legal or regulatory breach, is prohibited by the PRC Company Law from serving as a director or senior management, is prohibited from participating in any incentive scheme of listed companies, or other circumstances recognized by as the Stock Exchange or a relevant securities regulator), all Grantee's Options which are not yet exercised shall be cancelled by our Company.

10. Alteration of the **[REDACTED]** *Share Option Scheme*

The **[REDACTED]** Share Option Scheme may be amended, provided that any proposed amendment shall be subject to the review and approvals by the Board and Shareholders in the general meeting, and the opinion of the independent non-executive Directors.

11. Outstanding Options granted under the **[REDACTED]** *Share Option Scheme*

As of the Latest Practicable Date, Options to subscribe for a total of 15,000,000 Shares, representing approximately **[REDACTED]** of the total issued share capital of our Company immediately after completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and the Options granted are not exercised and remain outstanding) have been granted to 61 Grantees under the **[REDACTED]** Share Option Scheme. Assuming full vesting and exercise of the outstanding Options, the shareholding percentage of our Shareholders immediately following the **[REDACTED]** would be diluted by approximately **[REDACTED]**. The Company will not grant further Options under the **[REDACTED]** Share Option Scheme after the **[REDACTED]**.

The table below sets out the details of options granted under the **[REDACTED]** Share Option Scheme:

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period *(Note 1)*	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital *(Note 2)*
Directors and core management personnel							
Sun Zhongliang (孫中亮) . . .	Room 1401, Unit 4, Building 36 No. 8 Fucheng Road Haidian District Beijing PRC	Chairman of our Board, executive Director and president	May 28, 2025	825,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Lu Wei (鹿偉) .	1B5C, Shoudi Rongyu Xiangshan West Street Nanshan District, Shenzhen Guangdong Province PRC	Executive Director and chief executive officer	May 28, 2025	675,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Ge Chen (葛晨)	No. 403, Unit 1, Building 7, No. 2 Tuofangying South Road, Chaoyang District, Beijing PRC	Secretary of the Board	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Zheng Hanxiao (鄭寒瀟)	No. 1402, Gate 2, Building 5, Sanlihe Erqu, Xicheng District, Beijing PRC	Chief financial officer	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Yong (王勇)	10F, Tian Gao Ge, Hailong Huayuan, 193 Fenghuang Road, Luohu District, Shenzhen PRC	Chief operating officer	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Hau Ka Wai (侯嘉偉)	Flat H, 10/F, Block 7, 8 Sceneway Road, Sceneway Garden, Lam Tin, Kowloon, Hong Kong	Chief technology officer	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Zhihua (王志華)	Room 23E, Building 5, Bandao Chengbang Estate, 1 Jinshiji Road, Shekou, Nanshan District, Shenzhen PRC	Head of business center	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Hou Xuebin (侯學斌)	Room 602, 21, Lane 1299, Dingxiang Road, Pudong New Area, Shanghai PRC	General manager of our subsidiary	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Yu Hongtao (于洪濤)	No. 301, Gate 3, Building 21, Zirui Garden, Longzhou Road, Beicang Town, Beichen District, Tianjin PRC	Chief scientist	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Zhang Dinglin (張頂林)	Room 2008, Building 6, Phase 1, Chengxiang Garden, Longgang District, Shenzhen PRC	Chief product director	May 28, 2025	450,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Mid-level management personnel and core technical personnel							
Wang Haiqing (王海青)	19 Shangdi Xinxi Road, Haidian District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Chao (王超)	Room 502, Unit 1, Building A No. 33, Guangming Binhe Community, Shunyi District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Zhan Zhaoxin (占兆昕)	4th Floor, Building 2, Lianjian Technology Industrial Park, Huarong Road, Dalang Street, Longhua New Area, Shenzhen PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Hui (王輝)	Room 403, Block 2, 666, Panyu Avenue North, Panyu District, Guangzhou PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Ge Hao (葛浩)	Room 405, 4th Floor, Building 306, Balizhuang Beili, Chaoyang District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Li Yongping (李擁平)	Room 1103, Unit 1, Building 1, Laizhen Jiayuan, Haidian District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Chan King Sun (陳景新)	Flat D, 14/F, Fu Shan Mansion, 25 Taikoo Shing Road, Taikoo Shing, Hong Kong	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Feng Sheng (馮盛)	Room 421, Building 40, 1 Xianghongqi Dongmenwai, Haidian District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Xiao Shuo (肖爍)	Room 702, Unit 3, Building 20, No. 1 Hexiang Street, Zhaixinzhuang Village, Songzhuang, Tongzhou District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Chen Yongyao (陳永耀)	No. 412, Shuiwei Village, Xilian Town, Xuwen County, Guangdong Province PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Lee Manbro Norton (李文浩)	Flat 4, 30/F, Block D, Hung Sam House, King Tin Court, 12 Chui Tin Street, Sha Tin, New Territories, Hong Kong	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Liang Minmin (梁敏敏)	31 Zhongguancun South Street, Haidian District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Xu Ping (徐平)	Room 1804, Gate 2, Building 5, No. 3 Qingnian Lu Xili, Chaoyang District, Beijing PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Lee Ching Kui Eric (李青喬)	Flat 2A, Emerald Court, 158 Nga Tsin Wai Road, Kowloon City, Kowloon, Hong Kong	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Hui Ling (許玲)	Flat B, 12/F, Block 3, Yue Man Centre, Kwun Tong, Kowloon, Hong Kong	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Ye Jun (葉俊)	Room 309, No. 132, Lane 339, Dapu Road, Huangpu District, Shanghai PRC	Technical management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Chen Na (陳娜)	Room 201-11, Building A, Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, 9 Qianwan Road 1, Nanshan District, Shenzhen PRC	Business management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wu Wei (吳偉)	Room 1305, Unit B, Building 3, Shangpin Yayuan, Bantian, Bulong Road, Longgang District, Shenzhen PRC	Business management personnel	May 28, 2025	300,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Key technical personnel							
Liu Yanhui (劉彥輝)	Room 701, Unit 1, 7th Floor, Building 10, No. 9 Huinan Road, Huilongguan Town, Changping District, Beijing PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Ho Wai Yin (何瑋賢)	Flat B, 1/F, Block 18, 2 Pak Tak Street, City One Shatin, Sha Tin, New Territories, Hong Kong	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Tse Ming Chi Jamin (謝明志)	Flat 1, 33/F, Yin King House, King Shing Court, Fanling, New Territories, Hong Kong	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Ren Jiangchuan (任江川)	27 Jiangdong Road, Zhangjiang Town, Pudong New Area, Shanghai PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Yuchen (王雨辰)	No. 209, Gate 17, Zhangwu Lou, Dingzigu Road 3, Hongqiao District, Tianjin PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Ma Liyuan (馬利遠) . . .	Room 1107, 11th Floor, Building 109, Lize Xiyuan, Chaoyang District, Beijing PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Hou Wenguang (侯文廣) . . .	No. 253-2, Sanwei Liujie, Qinghe Forestry Bureau, Tonghe County, Heilongjiang Province PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Pengyuan (王鵬遠) . . .	Room 405, Unit 1, Building 6, Yulan Yuan, Dachang Hui Autonomous County, Hebei Province PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Cheng Chun Sing (鄭晉昇).	Flat/Room B1, Floor 10, Block 12, Wetland Seasons Park, 9 Wetland Park Road, Tin Shui Wai, New Territories, Hong Kong	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Liu Weiwei (劉偉偉) . . .	No. 101, Gate 2, Building 11, Shuangyushu Dongli, Haidian District, Beijing PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Guo Huachun (郭華春) . . .	Room 2-501, Building 9, Zone 3, Taiheyuan Sili, Beijing Economic and Technological Development Area, Beijing PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Gao Jianxin (高建新) . . .	Room 602, Unit 2, 6th Floor, Building 4, No. 16 Dandian South Road, Chaoyang District, Beijing PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Lei (王磊)	No. 201, Gate 5, Building 34, Ziyu Yuan, Weiguo Road, Hedong District, Tianjin PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Qiu Ming (邱明)	Room 1-602, 6th Floor, Building 11, Puan Xili, Fengtai District, Beijing PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Dai Yong (戴勇)	Room 1E, Building 12, Zhonghai Yicui Shanzhuang, 26 Bulong Road, Longgang District, Shenzhen PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Tan Yufan (譚玉璠) . . .	Room 204, Building 2, Fuzhongfu Garden, Xin'an Liu Road, Xixiang, Bao'an District, Shenzhen PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Wenxiang (王文祥) . . .	Room 2206, Unit 5, Building 2, Tianhe Nanyuan, Longhua District, Shenzhen PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Kang Yang (康泱)	Nanshan Rencai Dasha, Taoyuan West Road, Nanshan District, Shenzhen PRC	Research and development engineer	May 28, 2025	150,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Key business personnel							
Yang Dongjie (楊棟傑) . . .	Room 1408, Building 3, Phase 1, Chengxiang Garden, Longgang District, Shenzhen PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Chen Runqi (陳潤琪) . . .	Room 401, Unit 3, Building 1, No. 2 Liangguo Street, Renmin North Road, Luohu District, Shenzhen PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Chen Jingchi (陳敬池) . . .	No. 2 Donghuan Road 2, Longhua New Area, Shenzhen PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Liu Qiangzhi (劉強芝)	Room 602, Unit 1, Building 2, No. 32 Qinghe Houtun Road, Haidian District, Beijing PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Zhang Ting (張婷)	10 Gaoxin South 4th Road, Nanshan District, Shenzhen PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Chen Zhentao (陳振濤)	Room N, 15th Floor, Building 3, Zhonghui Liyang Shidai, Shijing, Dongcheng District, Dongguan PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Yan Yuanyuan (嚴媛媛)	3-4/F, Tower A, International Innovation Center, 1006 Shennan Boulevard, Futian District, Shenzhen PRC	General management personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Lu Ye (陸野)	4 Zhonghua Road, Dongcheng District, Beijing PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Dianchun (王殿春)	2-8/F, Xinyang Building, Bagualing Road 4, Futian District, Shenzhen PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Li Bao (李寶)	Room 2011, Building 6, Phase 1, Chengxiang Garden, Longgang District, Shenzhen PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Luo Haofei (羅晧斐)	Room 305, Unit 2, Building 1, Shengtaosha Junyuan, Xinhu Road, Xixiang, Bao'an District, Shenzhen PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%

Name of Grantee	Address	Position	Date of Grant	Total Number of Shares Underlying the Options Granted	Exercise Period (Note 1)	Exercise Price (RMB)	Approximate Percentage of Shareholding in the Total Issued Share Capital (Note 2)
Zhang Liwen (張力文) . . .	Room 501, Unit 4, Complex Building, 73 Nanjing Road, Xin'an Town, Xinyi City, Jiangsu Province PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wu Chuyan (吳楚炎) . . .	Room 704, Building 3, Phase 1, Chengxiang Garden, Longgang District, Shenzhen PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Wang Lei (王磊)	Room 17D, Building 10, Zhaoshuangguanyuan Residence, Huanguan South Road, Guanhu Street, Longhua District, Shenzhen PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Liu Xiaojie (劉瀟劼) . . .	Room 1621, 16th Floor, Building 15, Zone 8, 305 Guang'anmenwai Street, Xicheng District, Beijing PRC	Business personnel	May 28, 2025	120,000	3 years from the First Exercisable Date	3 per Share	**[REDACTED]**%
Total				15,000,000			[REDACTED]%

Notes:

(1) Please see "— D. **[REDACTED]** Share Incentive Schemes — **[REDACTED]** Share Option Scheme — 5. Exercise of Options."

(2) The calculation on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** of Unlisted Shares into H Shares and the **[REDACTED]** and without taking into account any Shares that may be issued pursuant to the exercise of the **[REDACTED]** and the options which have been granted under the **[REDACTED]** Share Option Scheme.

12. General

The **[REDACTED]** Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve grant of options by us after **[REDACTED]**.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that, as of the Latest Practicable Date, no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was 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 our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (including any H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**), the H Shares to be **[REDACTED]** upon the exercise of the options granted under the **[REDACTED]** Share Option Scheme, and the H Shares to be **[REDACTED]** from the Unlisted Shares upon completion of the **[REDACTED]**. All necessary arrangements have been made to enable our H Shares to be admitted into **[REDACTED]**.

Ping An of China Capital (Hong Kong) Company Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

CMB International Capital Limited does not satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules, as a member of the sponsor group (as defined in the Listing Rules) of CMB International Capital Limited holds more than 5% of the number of issued Shares upon **[REDACTED]** (assuming the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme are not exercised).

The Joint Sponsors will receive an aggregate fee of US$800,000 for acting as the sponsors for the **[REDACTED]**.

4. Qualifications and Consents of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
CMB International Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ping An of China Capital (Hong Kong) Company Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Jingtian & Gongcheng	Legal advisors to our Company as to PRC laws
ONC Lawyers	Legal advisors to our Company as to Hong Kong laws with respect to the operations of certain subsidiaries in Hong Kong
China Insights Industry Consultancy Limited	Independent industry consultant

Each of the experts named above 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 and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

Save in connection with **[REDACTED]**, none of the experts named above has any shareholding interests 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 our Company or any of our subsidiaries.

5. Promoters

Information of our promoters as of the time of our Company's conversion into a joint stock limited company on December 6, 2021 is as follows:

No.	Name
1.	CEC Optics Valley (Shenzhen)
2.	Suzhou Zhaoying Yunteng
3.	Shenzhen Dingxin
4.	Tianjin Jiutianshu
5.	BYD
6.	Shenzhen Jinjia
7.	Ningbo Bird
8.	Hainan Beidou Qihang
9.	CEC & CICC Fund
10.	Zhuhai Gree VC
11.	Jiaxing Qixin
12.	RBCV
13.	Gongqingcheng Beidou Shouhang
14.	Ningbo Haoyu
15.	Yuhua Hangxin Beichen
16.	Hainan Yunfeng Fund
17.	Hangzhou Hongyu
18.	CSSC Smart Ocean
19.	Shanghai Shangqi VC
20.	Shanghai SAIC VC
21.	Jiaxing Qibi
22.	Fuzhou CITIC Bank No. 2
23.	Civil Aviation ATG Connectivity VC
24.	Guangdong Rongchuang Lingyue
25.	Tianjin Shunying
26.	Gongqingcheng Beidou Huihang
27.	Shenzhen Hongyuan Taifu No. 1
28.	Shenzhen CECport
29.	Shanghai Jintan
30.	Fibocom Investment
31.	Jiaxing Jiaoxin Yuheng
32.	Nanchang Qingying
33.	Hangtou Yuhua
34.	Lijia Consulting
35.	Zhuhai Chengzhang Gongying
36.	Shenzhen Baiqian
37.	Jiaxing Chuangqi Kaiying

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the **[REDACTED]** or the related transactions described in this document.

6. Compliance Advisor

Our Company has appointed Lego Corporate Finance Limited as the compliance advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules.

7. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange" to this document.

8. Preliminary Expenses

We have not incurred any material preliminary expenses.

9. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2024.

10. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, 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 insofar as applicable.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

12. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document:

(i) save as disclosed in "— A. Further Information About Our Company — 2. Changes in the Share Capital of Our Company" and "— 3. Changes in the Share Capital of Our Subsidiaries", neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) save as disclosed in "— D. **[REDACTED]** Share Incentive Schemes", no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) save as in connection with the **[REDACTED]**, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) our Directors confirm that:

(i) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and

(ii) our Company has no outstanding convertible debt securities or debentures.

1. 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) copies of each of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI; and

(b) the written consents referred to in "Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" in Appendix VI.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display online on the websites of the Stock Exchange (***www.hkexnews.hk***) and our Company (***www.allystar.com***) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report for the Track Record Record from KPMG, the text of which is set out in Appendix I;

(c) the audited consolidated financial statements of our Company for the years ended December 31, 2022, 2023 and 2024;

(d) the report on the unaudited **[REDACTED]** financial information of our Group from KPMG, the text of which is set out in Appendix II;

(e) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisors, in respect of certain aspects of our Group and the property interests of our Group in the PRC;

(f) the legal opinion issued by ONC Lawyers, our advisors as to Hong Kong laws with respect to the operations of certain subsidiaries in Hong Kong, in respect of certain aspects of our Group in Hong Kong;

(g) the industry report issued by CIC a summary of which is set forth in "Industry Overview";

(h) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI;

(i) the written consents referred to in "Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" in Appendix VII;

(j) the service contracts and letters of appointment referred to in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 3. Particulars of Directors' Contracts" in Appendix VI;

(k) the PRC Company Law, the PRC Securities Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations; and

(l) the rules of the **[REDACTED]** Share Option Scheme.