Application Proof of

Gpixel Changchun Microelectronics Inc.
長春長光辰芯微電子股份有限公司

(the "**Company**")

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

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Gpixel Changchun Microelectronics Inc.
長春長光辰芯微電子股份有限公司

(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])**
[REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[1.00] per H Share**
[REDACTED]	**:**	**[•]**

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

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[REDACTED]

[•] 2025

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to **[REDACTED]** *in the* **[REDACTED]**.

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

OUR MISSION

Empowering vision with sensor excellence (用"芯"成就非凡"視"界).

OVERVIEW

We are a global leading provider of high-performance CMOS image sensors (the "**CIS**"). Since our establishment, we have been focusing on the research and development of high-performance CMOS image sensors, offering nine major product series widely applicable to advanced technology fields such as industrial imaging, scientific imaging, professional photography and video, and medical imaging. Our products play a vital role in enhancing the performance and imaging quality of industrial cameras, scientific cameras, professional cinema cameras, and other imaging devices. According to Frost & Sullivan, the global CIS market is projected to accelerate its growth from 2024 to 2029, with total revenue expected to rise from RMB139.1 billion in 2024 to RMB210.3 billion in 2029, corresponding to a CAGR of approximately 8.6%. According to Frost & Sullivan, in terms of industrial imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 15.2% of the global market share. In addition, in terms of scientific imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 16.3% of the global market share.

We have been consistently driven by technological innovation, maintaining our commitment to high-performance CMOS image sensor development while continuously overcoming critical technical challenges. In 2015, we successfully developed the world's first BSI sCMOS image sensor, subsequently expanding into industrial imaging, professional photography and video, and medical imaging sectors, where we have achieved multiple industry "firsts" and pioneering breakthroughs. While pushing technological boundaries and expanding our business scope, we have also attained remarkable operational achievements, as illustrated in the following business milestones:

Market Position	R&D Capability	Financial Performance
3rd Globally, 1st in China in terms of industrial imaging revenue[1]	**49** Registered invention patents[2]	**RMB673 million** Revenue[3]
3rd Globally, 1st in China in terms of scientific imaging revenue[1]	**50.1%** R&D staff ratio[2] **19.3%** R&D expense ratio[4]	**59.0%** Gross profit margin[3] **37.0%** Adjusted net profit margin (non-HKFRS)[5]
30+ Countries and regions covered[2]	**National Major Project** 8K Ultra-High-Definition Image Sensing Chip and System Application	**Operating Cash Inflow** An aggregate cash inflow of RMB555.0 million during the Track Record Period

Notes:

1. Ranked among CIS companies in terms of revenue in 2024 according to Frost & Sullivan report
2. As of the Latest Practicable Date
3. For the year ended December 31, 2024
4. Calculated as research and development expenses as a percentage of the revenue for the year ended December 31, 2024
5. Calculated as adjusted net profit (non-HKFRS) as a percentage of revenue for the year ended December 31, 2024

OUR COMPETITIVE STRENGTHS

We believe our following core competitive strengths will allow us to further consolidate our market leading position:

- Global Leader Specialized in High-Performance CMOS Image Sensors;
- Independent Technology Moat Through 13 Years of Relentless Innovation;
- Independent Industry Chain Development and Integration Through In-house Packaging & Testing Verification System and Strategic Expansion;

- Comprehensive Collaboration with a Global Network of Customers; and

- Dedicated and Experienced Management Team Complemented by a Forward-Looking and Global Talent Pipeline.

OUR DEVELOPMENT STRATEGIES

To achieve our vision and mission, we intend to pursue the following strategies:

- Relentless Focus on Technological Innovations and Product Iterations to Lead Global Advancement of High-Performance CIS Technology;

- Commitment of Further Resources to Existing and Evolving Application Scenarios and Enhancement of Our Capabilities Beyond Sensor Design;

- Continuous Expansion of Our High-Quality Domestic and International Customer Base; and

- Development into a Global Hub for High-Performance CMOS R&D Talents.

OUR BUSINESS MODEL

We operate under a fabless business model, which means we focus primarily on the design, development, testing, and sales of high-performance CMOS image sensors while outsourcing the wafer manufacturing processes to world-class production partners. This approach allows us to concentrate on our core competencies in innovation and product design, while leveraging the specialized expertise of industry-leading manufacturers for wafer fabrication. By collaborating with production partners, we ensure that our high-performance CMOS image sensors meet the highest standards of quality, reliability, and performance. Crucially, we retain full control over core value-added processes, including sensor design, wafer testing, and final sensor testing, ensuring quality and performance meet stringent industry standards. This hybrid approach, combining in-house expertise with strategic outsourcing, allows us to maintain flexibility, reduce capital expenditure, and focus on innovation in high-performance imaging technology.

We operate a vertically integrated business model that combines in-house expertise with strategic outsourcing to deliver high-quality semiconductor products. At the core of our operations is sensor design, which is exclusively handled by our in-house R&D department, which then sends the designs to third-party wafer foundries for fabrication. We conduct wafer-level testing while simultaneously procuring ceramic and glass components from suppliers. These materials are sent to us for incoming quality inspection before being outsourced to packaging houses for assembly. The packaged sensors return to us for final testing. While most packaging are outsourced to our production partners, we have gradually taken some packaging capability in-house through our subsidiary Changguang Yuanxin since 2022. We maintain full control over the critical value-added processes of sensor design, wafer testing, and final sensor testing, aligning with industry standards for such fabless semiconductor operations.

OUR PRODUCTS AND SOLUTIONS

We have developed a comprehensive portfolio of high-performance CMOS image sensors, comprising nine major product series with over 50 standard products as of the Latest Practicable Date. In addition, we provide customized sensor solutions when the standard off-shelf products available in the market cannot meet the demanding requirements of the targeted applications. The customized sensor solutions empower our customers, leading manufacturers in their specific areas such as high-end industrial inspection, scientific instruments, medical or prosumer applications, to develop their future generation products with customized cutting-edge high-performance CMOS image sensors.

Our high-performance CMOS image sensors can be categorized by pixel arrangement into (i) area array sensors and (ii) linear array sensors. Area array sensors feature pixels arranged in a two-dimensional matrix, allowing them to capture a complete 2D image in a single exposure. In contrast, linear array sensors have pixels arranged in lines and capture 2D images by scanning objects moving at a constant speed perpendicular to the sensor's orientation.

The following table sets forth our revenue breakdown by pixel arrangement during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
High-performance CMOS Image Sensors	**559,662**	**92.6**	**505,038**	**83.5**	**510,330**	**75.8**
Area array sensors	402,054	66.5	409,569	67.7	414,862	61.6
Linear array sensors	147,334	24.4	87,169	14.4	81,790	12.2
Other components	10,274	1.7	8,300	1.4	13,678	2.0
Customized Sensor Solutions	**43,752**	**7.2**	**98,366**	**16.3**	**162,197**	**24.1**
Others	**993**	**0.2**	**1,431**	**0.2**	**521**	**0.1**
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

Our products can also be categorized by their application scenarios, each with distinct technical priorities and R&D focuses. Currently, the major application scenarios of our projects include (i) industrial imaging; (ii) scientific imaging; (iii) professional photography and video; and (iv) medical imaging.

The following table sets forth our revenue breakdown by our major application scenarios during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Industrial imaging	299,293	49.5	327,524	54.2	446,550	66.3
Scientific imaging	287,096	47.5	253,952	42.0	192,405	28.6
Professional photography and video	6,751	1.1	13,629	2.3	9,807	1.5
Medical imaging	—	—	—	—	20,236	3.0
Others	11,267	1.9	9,730	1.5	4,050	0.6
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

OUR CUSTOMERS AND SUPPLIERS

Our products are utilized by customers across various industries, including industrial imaging, scientific imaging, professional photography and video, and medical imaging. Revenue generated from our top five customers for the three years ended December 31, 2024 amounted to approximately RMB286.1 million, RMB276.7 million and RMB225.9 million, representing approximately 47.3%, 45.8% and 33.5% of our total revenue for the respective years. In terms of sales and marketing strategy, we employ a primarily direct sales supplemented by distributorship model. Revenue from direct sales for the three years ended December 31, 2024 amounted to RMB567.5 million, RMB570.7 million, and RMB647.7 million, respectively, representing 93.9%, 94.4%, and 96.2% of our total revenue for the respective years.

Our major suppliers are (i) the suppliers of raw materials, components and parts and (ii) outsourced service providers. The purchases from our top five suppliers for the three years ended December 31, 2024 amounted to approximately RMB208.2 million, RMB240.5 million and RMB120.6 million, representing approximately 77.9%, 74.7% and 63.7% of our total purchase amount for the respective years.

COMPETITION

The global CMOS image sensor industry in which we operate is highly competitive and concentrated. The principal competitive factors in our markets include technological expertise and innovative R&D capabilities, product development capabilities and supply chain partnerships. We primarily compete with a number of global and regional CMOS image sensor design companies and manufacturers. With leading positions in the industry, deep industry experience, strong R&D capabilities, broad product portfolios and large and stable customer base, we believe that we are well positioned to excel in the competition in our industry. According to Frost & Sullivan, in terms of industrial imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 15.2% of the global market share. In terms of scientific imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 16.3% of the global market share.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with HKFRSs.

Consolidated Statements of Profit or Loss

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	604,407	100.0	604,835	100.0	673,048	100.0
Cost of sales	(144,084)	(23.8)	(220,881)	(36.5)	(276,186)	(41.0)
Gross profit	460,323	76.2	383,954	63.5	396,862	59.0
Other income and gains	16,276	2.7	29,542	4.9	55,161	8.2
Selling expenses	(14,367)	(2.4)	(22,653)	(3.7)	(27,858)	(4.1)
Administrative expenses	(411,753)	(68.1)	(62,196)	(10.3)	(64,721)	(9.6)
Research and development expenses	(84,200)	(13.9)	(131,546)	(21.7)	(130,215)	(19.3)
Impairment losses on trade receivables, net	(581)	(0.1)	(1,948)	(0.3)	(2,128)	(0.3)
Other expenses	(10,033)	(1.7)	(919)	(0.2)	(3,154)	(0.5)
Finance costs	(634)	(0.1)	(1,372)	(0.2)	(868)	(0.1)
Share of losses of associates	(5,654)	(0.9)	(2,371)	(0.4)	(2,243)	(0.3)
(Loss)/profit before tax	(50,623)	(8.4)	190,491	31.5	220,836	32.8
Income tax expense	(33,476)	(5.5)	(20,644)	(3.4)	(23,854)	(3.5)
(Loss)/profit and total comprehensive income attributable to the:						
(Loss)/profit for the year	(84,099)	(13.9)	169,847	28.1	196,982	29.3
Owners of the parent	(83,148)	(13.8)	174,199	28.8	198,675	29.5
Non-controlling interests	(951)	(0.2)	(4,352)	(0.7)	(1,693)	(0.3)

NON-HKFRS MEASURE

To supplement our consolidated financial statements presented in accordance with HKFRS, we also use a non-HKFRS measure, namely adjusted net profit (non-HKFRS measure), as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS 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 conditions as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit excluding the effects of share-based payments expense. Share-based payments expense are non-cash in nature and are employee related expenses arising from grant of shares under our employee incentive scheme. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of net (loss)/profit to adjusted net profit (non-HKFRS measure) for the periods indicated:

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	(84,099)	169,847	196,982
Add:			
Share-based payments expense	377,324	52,877	52,252
Adjusted net profit (non-HKFRS measure)	**293,225**	**222,724**	**249,234**

Summary of Consolidated Statements of Financial Position

The table below sets forth the selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document.

	Year Ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	137,236	176,056	182,210
Current assets	908,262	1,137,832	1,308,870
Non-current liabilities	164,674	150,501	135,706
Current liabilities	140,431	200,239	143,364
Net current assets	767,831	937,593	1,165,506
Net assets	740,393	963,148	1,212,010

For a detailed discussion of our current assets and current liabilities during the Track Record Period, please see "Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items" in this document.

Summary of Consolidated Statements of Cash Flows

The table below sets forth the selected cash flow data from the consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	121,883	208,258	224,841
Net cash flows (used in)/from investing activities	(172,773)	(407,940)	92,134
Net cash flows from/(used in) financing activities	207,538	(7,729)	(4,745)

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the periods indicated.

	As of and for the year ended December 31,		
	2022	2023	2024
Gross profit margin(1)	76.2%	63.5%	59.0%
Adjusted net margin(2)	48.5%	36.8%	37.0%
Return on equity(3)	55.2%	26.1%	22.9%
Return on total assets(4)	36.8%	18.9%	17.8%
Current ratio(5)	6.5	5.7	9.1
Quick ratio(6)	4.2	3.7	7.0
Gearing ratio(7)	2.6%	1.8%	1.2%

Notes:

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100%.

(2) The calculation of adjusted net profit margin is based on adjusted net profit (non-HKFRS measure), for the period divided by revenue for the respective period and multiplied by 100%.

(3) The calculation of return on equity is based on adjusted net profit (non-HKFRS measure) for the period divided by average total equity as of the beginning and end of the period and multiplied by 100%.

(4) The calculation of return on total assets is based on adjusted net profit (non-HKFRS measure) for the period divided by the average total assets as of the beginning and end of the period and multiplied by 100%.

(5) The calculation of current ratio is based on current assets divided by current liabilities as of the relevant period end.

(6) Quick ratio equals total current assets minus inventory and current portion of prepayments, other receivables and other assets divided by current liabilities as of the relevant period end.

(7) Gearing ratio equals interest-bearing bank borrowings and lease liabilities divided by total equity multiplied by 100%.

RISK FACTORS

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

- The markets for our products are highly and increasingly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

- If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences, or if our expansion into various application areas falls short of expectations, our business may be materially and adversely affected.

- We rely on a limited number of third party suppliers for wafer fabrication and packaging and testing services. We may have limited control over the availability and costs of such services.

- Disruptions, damages or destructions to our packaging facility may materially and adversely affect our business, results of operations and financial condition.

- Our business depends substantially on the efforts of our management and highly skilled personnel, including R&D personnel. Our operations may be severely disrupted if we lost their service.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and without taking into account any H Shares to be **[REDACTED]** pursuant to the exercise of options granted under the **[REDACTED]** Share Option Scheme), Dr. Wang, Dr. Zhang, Zhuhai Yunchen (珠海雲辰), Zhuhai Xuchen (珠海旭辰) and Hangzhou Qixin (杭州祺芯) will collectively be entitled to exercise the voting rights of approximately **[REDACTED]**% of the total issued share capital of our Company. Accordingly, Dr. Wang, Dr.

Zhang, Zhuhai Yunchen (珠海雲辰), Zhuhai Xuchen (珠海旭辰) and Hangzhou Qixin (杭州祺芯) will be our Controlling Shareholders upon the **[REDACTED]**. For details, see "Relationship with Our Controlling Shareholders".

[REDACTED] INVESTMENTS

We completed our **[REDACTED]** Investments in July 2022 and our **[REDACTED]** Investors are Zhuhai Qixin (珠海祈欣), Hillhouse Yurun (高瓴裕潤), Xianjin Zhizao (先進製造), Guoce Xiangchi (國策驤馳), Xiamen Yuanfeng (廈門源峰), Huashun Guangzhou (華舜廣州), Shenzhen Jiusi (深圳九思), Juyuan Xincheng (聚源信誠), QIN Hao (覃浩), Wuhu Tuochen (蕪湖拓辰), Suzhou Fangguang (蘇州方廣), Yibin Chendao (宜賓晨道), Shengyu Huatian (盛宇華天), Zhongke Chuangxing (中科創星), Changzhou Fangguang (常州方廣), Pingyang Yuanxin (平陽源新), Zhongke Xiandao (中科先導), Donghu Guolong (東湖國隆), Ningbo Yuxi (寧波雨熙), Zhongke Ketou (中科科投), Thriving Capital (寧波超興) and Jilin Yuanheng (吉林元亨). Immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the **[REDACTED]** Investors will hold approximately **[REDACTED]** of the **[REDACTED]** Shares. 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 — Investment from the **[REDACTED]** Investors".

DIVIDEND

We may distribute dividends by way of cash or by other means that we consider appropriate. In June 2025, we declared a dividend of RMB18.5 million, which is expected to be paid before August 2025. Currently, we do not have a formal dividend policy or a pre-determined dividend distribution ratio. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account of factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

[REDACTED]

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
Market capitalization of our **[REDACTED]**(1) . . .	HK$**[REDACTED]** million	HK$**[REDACTED]** million
Market capitalization of our **[REDACTED]**(2) . . .	HK$**[REDACTED]** million	HK$**[REDACTED]** million
[REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of our Company per **[REDACTED]**(3)	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

1. The calculation of market capitalization is based on **[REDACTED]** expected to be in **[REDACTED]** immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no **[REDACTED]** are **[REDACTED]** under the **[REDACTED]** Share Option Scheme) and the conversion of **[REDACTED]** Shares into **[REDACTED]**.

2. The calculation of market capitalization is based on **[REDACTED]** Shares expected to be in **[REDACTED]** immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are **[REDACTED]** under the **[REDACTED]** Share Option Scheme).

3. The **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** without taking into account any Shares which may be issued upon exercise of the **[REDACTED]**.

   No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to December 31, 2024. For details of the subsequent event, please see Appendix II to this document.

[REDACTED] EXPENSES

The total **[REDACTED]** expenses borne or to be borne by us are estimated to be approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) (comprising (i) **[REDACTED]** of approximately RMB**[REDACTED]** million, and (ii) non-**[REDACTED]** related expenses of approximately RMB**[REDACTED]** million, which consist of fees and expenses of legal advisors and reporting accountants of approximately RMB**[REDACTED]** million and other fees and expenses of approximately RMB**[REDACTED]** million), accounting for approximately **[REDACTED]**% of the **[REDACTED]** of the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, which is the mid-point of the indicative **[REDACTED]** stated in this document and assuming that the **[REDACTED]** is not exercised. We expect that approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) will be charged to our statements of profit or loss as **[REDACTED]** expenses, and approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) will be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such **[REDACTED]** expenses to have a material adverse impact on our results of operation for the year ending December 31, 2025.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** million from the **[REDACTED]**, after deducting the estimated **[REDACTED]** commissions and other estimated **[REDACTED]** expenses payable by us in connection with the **[REDACTED]**, assuming that an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** stated in this document) [and assuming that the **[REDACTED]** is not exercised]. We intend to use the **[REDACTED]** as follows:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for supporting our continuous R&D and product iterations across our major application scenarios, namely, industrial imaging, scientific imaging, professional photography and video, and medical imaging;

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for establishing an advanced CMOS image sensor R&D center;

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for expanding our packaging and testing production lines;

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for expanding our international presence; and

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for working capital and general corporate purposes.

The above allocation of the **[REDACTED]** from 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 estimated **[REDACTED]** range. See "Future Plans and **[REDACTED]**" in this document.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record and up to the Latest Practicable Date, there was no litigation, arbitration or administrative proceeding pending or threatened against our Company or any of our Directors which had caused or could cause a material and adverse effect on our financial condition or results of operations.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business operation remained stable. In January 2025, we launched the GXS series, including our first CMOS image sensor for disposable medical endoscopes. The GXS series expanded our application scenarios to medical imaging. In March 2025, we launched the 271 MP BSI GMAX product with ultra-high resolution. In June 2025, we launched the GIR series, which comprised of two products as of the Latest Practicable Date, providing short-wave infrared detection ability. The number of our product series increased from seven as of December 31, 2024 to nine as of the Latest Practicable Date.

Our Directors have confirmed that as of the date of this document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

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

"Articles of Association" or "Articles"	the articles of association of the Company adopted by the Shareholders on [•] and with effect from the **[REDACTED]**, as amended from time to time, a summary of which is set out in Appendix V to this document
"associate"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of Directors of our Company

[REDACTED]

"Changguang Precision"	Changchun Changguang Precision Instrument Group Co., Ltd.* (長春長光精密儀器集團有限公司), a company established in the PRC on May 14, 2013, a wholly-owned subsidiary of CIOMP
"Changguang Shiyuan"	Changchun Changguang Shiyuan Investment Co., Ltd.* (長春長光視園投資有限公司), a company established in the PRC on December 2, 2019, which is owned as to 16.67% equity interest by our Company as of the Latest Practicable Date
"Changguang Yuanxin"	Changchun Changguang Yuanxin Integrated Circuit Co., Ltd.* (長春長光圓芯集成電路有限公司), a company established in the PRC on October 30, 2020, which is owned as to 50.98% by our Company of the Latest Practicable Date and a subsidiary of our Company
"Changzhou Fangguang (常州方廣)"	Changzhou Fangguang Phase III Equity Investment Partnership (Limited Partnership)* (常州方廣三期股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on October 29, 2020 and one of our **[REDACTED]** Investors

"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, references in this document to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CIOMP"	Changchun Institute of Optics, Fine Mechanics and Physics, Chinese Academy of Sciences (中國科學院長春光學精密機械與物理研究所), a public institution operated in the PRC since 1952 and the de facto controller of UP OPTOTECH
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company"	Gpixel Changchun Microelectronics Inc. (長春長光辰芯微電子股份有限公司), a limited liability company established in the PRC on September 3, 2012 and was further converted into a joint stock limited company on December 26, 2022, formerly known as Gpixel Changchun Optotech Inc. (長春長光辰芯光電技術有限公司)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed in the Listing Rules and unless the context otherwise requires, refers to Dr. Wang, Dr. Zhang, Hangzhou Qixin (杭州祺芯), Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰). See "Relationship with Our Controlling Shareholders" for further details
"core connected person"	has the meaning ascribed thereto under the Listing Rules

"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"DB HiTek"	DB HiTek CO., LTD., a company established in South Korea on April 28, 1953 with its shares listed on Korea Exchange with stock code: 000990 and an Independent Third Party
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"Donghu Guolong (東湖國隆)"	Wuhan Donghu Guolong Shibei No. 2 Equity Investment Fund Partnership (Limited Partnership)* (武漢東湖國隆拾貝貳號股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 1, 2022 and one of our **[REDACTED]** Investors
"Dr. Ma"	Dr. MA Cheng (馬成), Deputy General Manager and the director of R&D of our Company
"Dr. Wang"	Dr. WANG Xinyang (王欣洋), our founder, chairman of the Board, executive Director, Chief Executive Officer, General Manager and one of our Controlling Shareholders
"Dr. Zhang"	Dr. ZHANG Yanxia (張艷霞), our executive Director, Deputy General Manager, Board Secretary, Joint Company Secretary and one of our Controlling Shareholders
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"EXW"	Ex Works, a pre-defined commercial shipping arrangement meaning that the seller makes a product available at a designated location, and the buyer of the product must cover the transport costs

[REDACTED]

"Gpixel Belgium"	GPIXEL NV (長光辰芯比利時有限責任公司), a public limited company incorporated on August 9, 2018 under the laws of Belgium, which is owned as to 68.36% by our Company of the Latest Practicable Date and a subsidiary of our Company
"Gpixel Dalian"	Gpixel Dalian Microelectronics Inc.* (大連長光辰芯微電子有限公司), a company established in the PRC on December 1, 2021 and a wholly-owned subsidiary of our Company
"Gpixel Hangzhou"	Gpixel Hangzhou Microelectronics Inc.* (杭州長光辰芯微電子有限公司), a company established in the PRC on July 20, 2020, which is owned as to 91.67% by our Company as of the Latest Practicable Date and a subsidiary of our Company

"Gpixel Japan"	Gpixel Japan株式會社 (長光辰芯光電技術(日本)有限公司), a share company incorporated on January 7, 2016 under the laws of Japan and a wholly-owned subsidiary of our Company
"Group", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guoce Xiangchi (國策驤馳)"	Shanghai Guoce Xiangchi Venture Capital Partnership (Limited Partnership)* (上海國策驤馳創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 2, 2021 and one of our **[REDACTED]** Investors
"Hangzhou Qixin (杭州祺芯)"	Hangzhou Qixin Management Consulting Co., Ltd.* (杭州祺芯管理諮詢有限責任公司), a company established in the PRC on February 1, 2021 and one of our Controlling Shareholders

[REDACTED]

"Hikrobot"	Hangzhou Hikrobot Co., Ltd.* (杭州海康機器人股份有限公司), a company incorporated in the PRC on April 20, 2016 and an Independent Third Party
"Hillhouse Yurun (高瓴裕潤)"	Beijing Hillhouse Yurun Equity Investment Fund Partnership (Limited Partnership)* (北京高瓴裕潤股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on October 16, 2020 and one of our **[REDACTED]** Investors

"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

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

[REDACTED]

[REDACTED]

"Huashun Guangzhou (華舜廣州)"	Huashun (Guangzhou) Enterprise Management Partnership (Limited Partnership)* (華舜(廣州)企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on June 18, 2021 and one of our **[REDACTED]** Investors
"I-TEK Optoelectronics"	Hefei I-TEK Optoelectronics Co., Ltd. (合肥埃科光電科技股份有限公司), a company incorporated in the PRC on March 24, 2011 with its shares listed on the Shanghai Stock Exchange (Stock code: 688610.SH), and an Independent Third Party
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

[REDACTED]

"International Sanctions Counsel"	King & Wood Mallesons, our legal advisor as to International Sanctions Laws in connection with the **[REDACTED]**
"International Sanctions Laws"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S., U.K., EU and its member states, UN or Australia

[REDACTED]

"Jilin Yuanheng (吉林元亨)"	Jilin Yuanheng Equity Investment Partnership (Limited Partnership)* (吉林省元亨股權投資合夥企業(有限合夥))*, a limited liability partnership established in the PRC on June 29, 2021 and one of our **[REDACTED]** Investors

[REDACTED]

"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the **[REDACTED]**" in this document

DEFINITIONS

"Juyuan Xincheng (聚源信誠)"	Juyuan Xincheng (Jiaxing) Venture Capital Partnership (Limited Partnership)* (聚源信誠(嘉興)創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 5, 2020 and one of our **[REDACTED]** Investors
"Kyocera" or "KYOCERA"	KYOCERA Corporation, a company incorporated in Japan on April 1, 1959 with its shares listed on Tokyo Stock Exchange with stock code: 6971 and an Independent Third Party
"Latest Practicable Date"	June 10, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
"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
"Luster"	LUSTER LightTech Co., Ltd. (凌雲光技術股份有限公司), a company established in the PRC on August 13, 2002 with its shares listed on the Shanghai Stock Exchange (stock code: 688400.SH), an associate of Ms. YANG Yi, one of our non-executive Directors
"Ningbo Yuxi (寧波雨熙)"	Ningbo Yuxi Venture Capital Partnership (Limited Partnership)* (寧波雨熙創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on August 19, 2015 and one of our **[REDACTED]** Investors

[REDACTED]

[REDACTED]

"Pingyang Yuanxin (平陽源新)"	Pingyang Yuanxin No. 6 Venture Capital Partnership (Limited Partnership)* (平陽源新六號創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 24, 2019 and one of our **[REDACTED]** Investors
"PRC Company Law"	Company Law of the PRC* (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Jia Yuan Law Offices, PRC legal advisor to our Company
"**[REDACTED]** Investment(s)"	the **[REDACTED]** investments in our Company undertaken by the **[REDACTED]** Investors, details of which are set out in the section headed "History, Development and Corporate Structure — **[REDACTED]** Investments" in this document

"**[REDACTED]** Investor(s)"	the investors of **[REDACTED]** Investments, including Zhuhai Qixin (珠海祈欣), Hillhouse Yurun (高瓴裕潤), Xianjin Zhizao (先進製造), Guoce Xiangchi (國策驤馳), Xiamen Yuanfeng (廈門源峰), Huashun Guangzhou (華舜廣州), Shenzhen Jiusi (深圳九思), Juyuan Xincheng (聚源信誠), QIN Hao (覃浩), Wuhu Tuochen (蕪湖拓辰), Suzhou Fangguang (蘇州方廣), Yibin Chendao (宜賓晨道), Shengyu Huatian (盛宇華天), Zhongke Chuangxing (中科創星), Changzhou Fangguang (常州方廣), Pingyang Yuanxin (平陽源新), Zhongke Xiandao (中科先導), Donghu Guolong (東湖國隆), Ningbo Yuxi (寧波雨熙), Zhongke Ketou (中科科投), Thriving Capital (寧波超興) and Jilin Yuanheng (吉林元亨)
"**[REDACTED]** Share Option Scheme"	the **[REDACTED]** share option scheme approved and adopted by our Company on June 20, 2023 (as amended and approved on June 5, 2025), a summary of the principal terms of which is set forth in the paragraph headed "D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document

[REDACTED]

"Primary Sanctioned Activity"	means any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a **[REDACTED]** applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation
"Regulation S"	Regulation S under the US Securities Act

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Relevant Jurisdiction"	means any jurisdiction that is relevant to the **[REDACTED]** applicant and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation
"Relevant Persons"	means a **[REDACTED]** applicant, together with its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the **[REDACTED]**, trading, clearing and settlement of its shares
"Sanctioned Country"	means any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction
"Sanctioned Target"	means any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"Sanctioned Trader"	means any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and Sanctioned Country entities or persons

"Secondary Sanctionable Activity"	means certain activity by a **[REDACTED]** applicant that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the **[REDACTED]** applicant is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares
"Shengyu Huatian (盛宇華天)"	Jiangsu Shengyu Huatian Venture Capital Partnership (Limited Partnership)* (江蘇盛宇華天創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 17, 2021 and one of our **[REDACTED]** Investors
"Shenzhen Jiusi (深圳九思)"	Shenzhen Jiusi Investment Management Co., Ltd.* (深圳市九思投資管理有限公司), a limited liability company established in the PRC on March 13, 2001 and one of our **[REDACTED]** Investors
"South Korea"	the Republic of Korea

[REDACTED]

[REDACTED]

"State Council"	the State Council of the People's Republic of China (中華人民共和國國務院)
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Fangguang (蘇州方廣)"	Suzhou Fangguang Phase III Venture Capital Partnership (Limited Partnership)* (蘇州方廣三期創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on August 24, 2020 and one of our **[REDACTED]** Investors
"Thriving Capital (寧波超興)"	Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保税港區超興創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on October 9, 2017 and one of our **[REDACTED]** Investors
"Tower"	Tower Semiconductor Ltd., a company incorporated in Israel in 1993 and listed on NASDAQ stock exchange with stock code "TSEM" and an Independent Third Party
"Track Record Period"	the period comprising the years ended December 31, 2022, 2023 and 2024
"Tucsen"	Tucsen Photonics Co., Ltd. (福州鑫圖光電有限公司), a company incorporated in the PRC on April 7, 2011 and an Independent Third Party
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

[REDACTED]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**[REDACTED]** Share(s)"	**[REDACTED]** ordinary Share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not **[REDACTED]** on any stock exchange
"UP OPTOTECH"	Changchun UP Optotech Co., Ltd. (長春奧普光電技術股份有限公司), a company established in the PRC on June 26, 2001 with its shares listed on the Shenzhen Stock Exchange (Stock code: 002338.SZ), a substantial shareholder of our Company
"Wuhu Tuochen (蕪湖拓辰)"	Wuhu Tuochen Private Equity Investment Center (Limited Partnership)* (蕪湖拓辰私募股權投資中心(有限合夥)), a limited liability partnership established in the PRC on April 13, 2022 and one of our **[REDACTED]** Investors
"Xiamen Yuanfeng (廈門源峰)"	Xiamen Yuanfeng Xinguang Enterprise Management Partnership (Limited Partnership)* (廈門源峰芯光企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 14, 2022 and one of our **[REDACTED]** Investors
"Xianjin Zhizao (先進製造)"	Xianjin Zhizao Industry Investment Fund II (Limited Partnership)* (先進製造產業投資基金二期(有限合夥)), a limited liability partnership established in the PRC on June 18, 2019 and one of our **[REDACTED]** Investors
"Yibin Chendao (宜賓晨道)"	Yibin Chendao New Energy Industry Equity Investment Partnership (Limited Partnership)* (宜賓晨道新能源產業股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 12, 2021 and one of our **[REDACTED]** Investors

"Zhongke Chuangxing (中科創星)"	Beijing Phase II Zhongke Chuangxing Hard Technology Venture Capital Partnership (Limited Partnership)* (北京二期中科創星硬科技創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 14, 2020 and one of our **[REDACTED]** Investors
"Zhongke Ketou (中科科投)"	Jilin Zhongke Technology Achievement Transfer Venture Capital Partnership Enterprise (Limited Partnership)* (吉林中科科技成果轉化創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 10, 2018 and one of our **[REDACTED]** Investors
"Zhongke Xiandao (中科先導)"	Jilin Zhongke Xiandao Investment Partnership (Limited Partnership)* (吉林中科先導投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on January 13, 2022 and one of our **[REDACTED]** Investors
"Zhuhai Pengchen (珠海鵬辰)"	Zhuhai Pengchen Qixin Investment Partnership (Limited Partnership)* (珠海鵬辰祺芯投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 22, 2021, an employee shareholding platform of our Company
"Zhuhai Qixin (珠海祈欣)"	Zhuhai Qixin Investment Center (Limited Partnership)* (珠海祈欣投資中心(有限合夥)), a limited liability partnership established in the PRC on August 2, 2021 and one of our **[REDACTED]** Investors
"Zhuhai Xichen (珠海曦辰)"	Zhuhai Xichen Qixin Investment Partnership (Limited Partnership)* (珠海曦辰祺芯投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 30, 2022, an employee shareholding platform of our Company
"Zhuhai Xingchen (珠海星辰)"	Zhuhai Xingchen Qixin Investment Partnership (Limited Partnership)* (珠海星辰祺芯投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 2, 2021, an employee shareholding platform of our Company

DEFINITIONS

"Zhuhai Xuchen (珠海旭辰)"	Zhuhai Xuchen Qixin Investment Partnership (Limited Partnership)* (珠海旭辰祺芯投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 21, 2022, an employee shareholding platform of our Company and one of our Controlling Shareholders
"Zhuhai Yunchen (珠海雲辰)"	Zhuhai Yunchen Qixin Investment Partnership (Limited Partnership)* (珠海雲辰祺芯投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on February 7, 2021, an employee shareholding platform of our Company and one of our Controlling Shareholders

* *For identification only*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ADC"	analog-to-digital converter, a converter that changes analog signals into digital data
"APS-C"	advanced photo system type-C, also known as advanced photo system-classic type, a specification for measuring the optical size of CMOS image sensors, which is generally 29.3mm when referring to the optical size of CMOS image sensors
"AR"	augmented reality
"area array" or "area array sensor"	a form of CMOS image sensors featuring pixels arranged in a two-dimensional matrix, which allows them to capture a complete 2D image in a single exposure
"BSI"	back-side illuminated
"CAGR"	compound annual growth rate
"CCD"	charge coupled device
"CFA"	color filter array
"CIS"	CMOS image sensor
"CMOS"	complementary metal-oxide semiconductor
"DSC"	digital still camera
"DSLR"	digital single-lens reflex camera
"EDA"	electronic design automation
"FPD"	flat panel display
"FPGA"	field programmable gate array

"fps"	frame per second
"FSI"	front-side illuminated
"Gbps"	gigabits per second
"GDS"	graphic database system, a file format for integrated circuit layouts
"Gpix/s"	giga pixels per second
"HDR"	high dynamic range
"IC" or "integrated circuit"	integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
"IDM"	integrated device manufacturer
"IR"	infrared, a type of electromagnetic radiation with wavelength just greater than that of the red end of the visible light spectrum but less than that of microwaves
"ISO"	the International Organization for Standardization, an independent, non-governmental organization that develops and publishes international standards
"ISO14001"	an internationally recognized standard for environmental management system published by the ISO
"ISO14064"	an internationally recognized standard for green-house gas emissions published by the ISO
"ISO45001"	an internationally recognized standard for occupational health and safety management systems published by the ISO

"ISP"	image signal processor
"LED"	light-emitting diode, a semiconductor diode that emits light when voltage is applied
"linear array" or "linear array sensor"	a form of CMOS image sensors featuring pixels arranged in lines and capturing 2D images by scanning objects moving at a constant speed perpendicular to the sensor's orientation
"MHz"	megahertz, a unit of alternating current or electromagnetic wave frequency equal to one million hertz
"MP"	mega pixel, 1 million pixels
"MWh"	megawatt-hour, a unit of measure of electric energy
"OEM"	original equipment manufacturer
"OLED"	organic light-emitting diode, a LED technology used for flat panel displays, in which the emissive electroluminescent layer is a film of organic compounds which emit light in response to an electric current
"OSAT"	outsourced semiconductor assembly and test
"PCB"	printed circuit board
"photomask"	an opaque plate used to replicate circuit layouts onto the wafer during the wafer manufacturing process
"R&D"	research and development
"sCMOS"	scientific CMOS
"sq.m."	square meters
"TDI"	time-delay integration

"ToF"	time-of-flight, a method for measuring the distance between a sensor and an object, based on the time or phase difference between the emission of a signal and its return to the sensor, after being reflected by an object. ToF can be further categorized as direct time-of-flight ("**dToF**") and indirect time-of-flight ("**iToF**")
"ultra-HD"	ultra-high-definition, which includes 4K and 8K digital video formats
"VR"	virtual reality
"WLCSP"	wafer-level chip scale package

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- general political and economic conditions, including those related to the jurisdictions where we operate;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the jurisdictions where we operate and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the jurisdictions, the industry and markets in which we operate;

- various business opportunities that we may pursue; and

- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

You should carefully read all of the information in this document including the risks and uncertainties described below before making an **[REDACTED]** *in our* **[REDACTED]**. *Our business, financial position or results of operations could be materially and adversely affected by any of the risks mentioned in this section. The* **[REDACTED]** *of our* **[REDACTED]** *could decline due to any of these risks, and you may lose all or part of your* **[REDACTED]**. *You should pay particular attention to the fact that we are a company incorporated in the PRC, our business is primarily located in the PRC, Belgium and Japan and we are governed by a legal and regulatory environment that may differ from that prevails in other countries and jurisdictions. For more information concerning the market in which we operate and certain related matters discussed below, please see "Regulatory Overview" and "Appendix V — Summary of Articles of Association" for further details.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The markets for our products are highly and increasingly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

The industry in which we operate is highly competitive worldwide and increasingly characterized by frequent introduction of new designs, short product life cycles, quick response to customers' preference and increasing demand for quality products and price sensitivity. Some of our competitors may have longer track records and greater financial and other resources to invest in research, development and marketing of their products to increase their competitiveness. The selling price of our products and revenues generated by our products may also be driven down due to intense competition. There can be no assurance that we can continue to compete successfully in the future or sustain our market share. If we are not able to design or introduce to the market high-performance CMOS image sensors with the design and specifications which are compatible with end-market applications as quickly as other market players, or if we fail to expand our product portfolio and maintain competitive prices, or if the number of competitors increases substantially, or if the service quality of other market players improves significantly, or the commercial terms that our competitors could offer are more competitive, we may lose our competitive position, and our operating results, financial condition, profitability and prospects will be materially and adversely affected.

If we are unable to design or deliver high quality and innovative products that address the evolving customer preferences, or if our expansion into various application areas falls short of expectations, our business may be materially and adversely affected.

Our products are primarily based on the design of CMOS image sensors, and our future success depends on the successful expansion of our high-performance CMOS image sensors product portfolio and customer base. Our customers are constantly seeking new products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative products and improvements of existing products at favorable prices. In order to gain market share and remain at the forefront of the CIS industry, we must constantly introduce new and innovative products and respond to new and evolving customer demands.

The success of a new product depends on a variety of specific implementation factors, including:

- timely development of new technologies and adaption to changes in existing technologies;
- Successful tape-out and validate of new designs to ensure performance, functionality, and manufacturability before mass production;
- timely and cost-effective processing and mass production to accommodate new product designs, while ensuring functionality, performance and reliability;
- effective marketing, sales and services to gain market share; and
- strong and sustainable market demand.

Product 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. During the Record Track Period, our R&D expenses amounted to RMB84.2 million, RMB131.5 million and RMB130.2 million, respectively, representing 13.9%, 21.7% and 19.3% of our revenue in the respective years. Meanwhile, the market in which we operate is highly competitive, characterized by rapidly changing technologies. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner. Failure to develop new technologies in a timely manner or to react quickly to changes in existing technologies could materially delay our development of new and enhanced products.

We rely on a limited number of third party suppliers for wafer fabrication and packaging and testing services. We may have limited control over the availability and costs of such services.

As a fabless sensor design company, we do not own any wafer fabrication facilities. During the Track Record Period, Tower and DB HiTek have been our major third-party foundry suppliers. For the three years ended December 31, 2022, 2023 and 2024, the purchases from our top five suppliers accounted for 77.9%, 74.7% and 63.7% of our total purchase amount for the respective years.

We depend on our foundry suppliers to allocate an appropriate portion of their production capacity to meet our needs, to produce products of acceptable quality at acceptable final test yields, so that we can deliver the final sensor products to our customers on a timely basis at acceptable prices. If our foundry suppliers raises their prices or are unable to provide us with the required capacity for any reason, such as shortages, or delays in the shipment of semiconductor equipment or raw materials, or if our business relationships with our foundry suppliers deteriorate, we may not be able to obtain the required capacity and would have to seek alternative foundries, which may not be immediately available commercially on reasonable terms, or available technically without large investment in process-related R&D and investment in new photomask sets. In addition, if our foundry supplier suffers any damage to its facilities, experiences power outages, encounters financial difficulties, or suffers any other disruption or reduction in efficiency, we may encounter supply delays or disruptions. See "— Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations" in this section.

Furthermore, the engagement of outsourced packaging service providers may expose us to risks associated with non-performance, delayed performance or substandard performance. In such case, we will have to replace service providers and additional costs will be incurred. We may also incur additional costs or be subject to liability due to delays in schedule or defects in the works of packaging companies. See "— The complexity of our products may lead to undetected defects, failures or reliability issues in our products, which could materially and adversely affect our business, results of operations and financial condition" in this section. If we are unable to engage qualified packaging companies, or if we are unable to monitor the performance of these companies, our business and results of operations may be materially and adversely affected.

Disruptions, damages or destructions to our packaging facility may materially and adversely affect our business, results of operations and financial condition.

We operate one packaging facility in the PRC and our sales are partially dependent on the continued operation of such packing facility. Our packaging facility is subject to inspection, maintenance and replacement of our machinery during which production capacity may be affected. Our production facility is also subject to operation risks and disruptions such as interruptions of utilities supplies including water and electricity, labor disputes and industrial accidents. A power surge or outage could disrupt or even result in the halt of our production process. There is no assurance that our machinery will not be damaged or lost as a result of, among others, improper operation, fire, adverse weather conditions, theft, robbery or natural disasters. See "— Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations" in this section. We may also need to incur additional cost to repair or replace any damaged machinery or equipment. Machinery may also break down or fail to function normally due to wear and tear or mechanical or other issues. If any failed or damaged machinery cannot be repaired or replaced, or if any lost machinery cannot be replaced in a timely manner, our operations and financial performance could be adversely affected.

Our business depends substantially on the efforts of our management and highly skilled personnel, including R&D personnel. Our operations may be severely disrupted if we lost their service.

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

Additionally, our future success depends, to a significant extent, on our ability to attract, recruit and train qualified employees and retain existing key personnel in our R&D team. Competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications in competition with other companies, particularly in the areas of design and product development. To maintain the motivation and stability of our management and technical personnel, we have granted, and may continue to grant, various types of share-based incentives that encourage technical innovation. Job candidates and existing employees often consider the value of the share-based incentives they receive in connection with their employment. If the estimated value of our Share or share-based incentives declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

Our operations may be subject to transfer pricing adjustment.

During the Track Record Period, there were intra-group transactions among our Company and its subsidiaries. We cannot assure you that the relevant tax authorities would not challenge the transfer pricing arrangement of our Group. If any regulatory tax authority determines that our transfer pricing arrangements do not comply with the relevant transfer pricing laws and regulations, we may face adverse tax consequences, such as the payment of outstanding tax, statutory interest or tax penalty. Tax authorities may require us to adjust income and expenses for local tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by increasing our tax liabilities, which could further result in late payment fees and other penalties or limit our ability to obtain preferential tax treatments and other financial incentives.

The loss of, or a significant reduction in sales to our major customers would adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition for the foreseeable future may be adversely affected by the loss of, or a significant reduction in sales to our major customers. In the future, our current major customers may decide not to purchase our products or solutions, may purchase fewer of our products or solutions than they did in the past, or may alter their purchasing patterns. Additionally, revenue from any single major customer — or our overall customer concentration — may vary from period to period. If we fail to meet our major customers' expectations regarding product quality, availability, or user experience, our relationships with them could suffer. In the meantime, we may fail to increase sales or expand our customer base. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories mainly include finished goods held for sale in the ordinary course of business, work-in-progress, components and raw materials and supplies to be consumed in production or provision of services. As of December 31, 2022, 2023 and 2024, we had inventories of RMB303.8 million, RMB373.1 million and RMB286.7 million, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for wafers, components and raw materials and to pace the production progress of our products, while manage our inventories to a reasonable level. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of wafers, components, and raw materials may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect the inventory will expand accordingly, which will make it more challenging for us to manage our inventory and logistics effectively.

We assess impairment to inventories at each period during the Track Record Period and may make provision to write down our inventories to the net realizable value if they become obsolete, damaged or their prices decrease, and their net realizable value is lower than the costs. As of December 31, 2022, 2023 and 2024, we recognized inventory provision of RMB14.5 million, RMB29.5 million and RMB32.8 million, respectively. If we continue to experience inventory write-down, our profitability, financial results and prospects will be negatively affected.

We cannot guarantee accurate demand forecasting or determine appropriate inventory levels to maintain. Any change in end customer demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales, which may in turn lead to decline in inventory value or inventory write-off. Any of the above may materially and adversely affect our results of operations and financial condition. On one hand, if we overestimate customer demand, we may accumulate excess inventory, leading to potential obsolescence and the need for write-off. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which may result unfulfilled orders and revenue loss, any of which could harm our business, financial condition and results of operations.

The complexity of our products may lead to undetected defects, failures or reliability issues in our products, which could materially and adversely affect our business, results of operations and financial condition.

Our customers generally have stringent requirements for quality, performance and reliability. Due to the complex product design, our products may contain undetected defects, failures or reliability issues when first introduced or after commencement of operation, which might require product replacement or recall. Further, changes of raw material used in the production processes may cause our products to fail. 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. Additionally, such incidents could disrupt the development, production, and launch of new products, leading to further financial and operational setbacks.

During the Track Record Period, we have not experienced any major product quality issues. However, we cannot assure you that the measures we have taken to ensure the quality of products could prevent any of the above incidents from occurring. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our third-party suppliers. If we engage in legal proceedings against our third-party suppliers, such proceedings may be time consuming and costly regardless of the outcomes. Any such issues may materially and adversely affect our business, results of operations and financial condition.

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 and enhancing our well-recognized "Gpixel" brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products and services, and the constant emergence of new industry standards and practices. In addition, the successful promotion of our brand will depend on the technical competence of our products and services, the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. We cannot guarantee that such initiatives will be successful, or that they will yield significant benefits that justify the costs. Such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

The markets for our major raw materials have historically been subject to fluctuation. An increase in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

We depend on third party wafer foundries, suppliers of other components such as ceramic packages and cover glass, and packaging factories for the production of our products, whom in turn depend on suppliers upstream to provide a variety basic materials and supplies for their own manufacturing and packaging processes. The raw materials sourced for the manufacturing and packaging processes of our products are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies. We typically negotiate prices with our suppliers based on the prevailing market rates and the quantities that we purchase. We cannot assure that we can timely obtain the raw materials in a reasonable price and to avoid delaying delivery of our products to customers in the future, and our operation and financial position may be adversely affected should there be increase in prices of raw materials or shortage in supply.

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

Our trade and notes receivables primarily include amounts due from our customers for products or services in the ordinary course of business. As of December 31, 2022, 2023 and 2024, our trade and notes receivables amounted to RMB112.7 million, RMB114.7 million and RMB184.7 million, respectively. The credit periods granted to our customers vary based on the transaction amount and our relationship with the customer. See "Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items — Trade and Notes Receivables" in this document. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We incurred net loss during the Track Record Period.

We recorded net loss of RMB84.1 million in 2022, and net profits of RMB169.8 million and RMB197.0 million in 2023 and 2024, respectively. Our net loss in 2022 was primarily due to share-based payments expense of RMB377.3 million. We will continue to incur and may incur more share-based payments expense in the future to better incentivize our employees, which could result in net losses in the future.

We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance.

As we continue to expand our business and operations, and invest in R&D and geographic expansion, we expect our costs and expenses to increase in future periods. In addition, we expect to incur substantial costs and expenses as a result of becoming a **[REDACTED]** company. If we are unable to generate adequate revenue and manage our expenses, we may incur losses and may not be able to achieve or subsequently maintain profitability.

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

During the Track Record Period, we engaged third-party distributors for the sales of our products. During the Track Record Period, revenue from distributors amounted to RMB36.9 million, RMB34.1 million and RMB25.4 million, representing 6.1%, 5.6% and 3.8% of our total revenue for the respective periods. The performance of our distributors may have direct impacts on our revenue and profitability. There can be no assurance that we will be successful in effectively managing our distributors or detecting any non-compliance of our distributors with the provisions of their distribution agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales.

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

We have granted, and may continue to grant, various types of share-based incentives, which may result in increased share-based payments expense, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We have granted, and may continue to grant, various types of share-based incentives, which may result in increased share-based payments expense. In 2022, 2023 and 2024, we incurred share-based payment of RMB377.3 million, RMB52.9 million and RMB52.3 million, respectively. We believe the granting of share-based payment is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based payments expense would potentially dilute the shareholding of our existing Shareholders. We may continue to grant various types of share-based payment incentives to eligible persons in the future. As a result, our expenses associated with share-based payment may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive schemes from time to time. If we choose to do so, we may experience a substantial change in our share-based payments expense in the reporting periods following this **[REDACTED]**.

Our prepayments to certain suppliers may subject us to counterparty risks associated with such suppliers and negatively affect our liquidity.

We are required to prepay some of our suppliers. As of December 31, 2022, 2023 and 2024, the balance of prepayments we made to our suppliers amounted to RMB2.8 million, RMB8.9 million and RMB10.0 million, respectively. The amount of our prepayments can significantly increase as we continue to pursue technological advancement. We are subject to counterparty risk exposure to our suppliers. Any failure by our suppliers to perform their contract obligation on a timely manner and/or with our requested quality may result in us not being able to fulfil customers' orders accordingly. In such event, we may not be able to regain the prepayment in a timely manner or in full, even though our suppliers are obligated to return such prepayments under specified circumstances as previously agreed upon. Furthermore, if the cash outflows for the prepayments significantly exceed the cash inflows during any period, our future liquidity position will be adversely affected.

Our business depends on the ability of our sales and marketing department to market our products directly to, and maintain ongoing and close relationships with, our customers.

We principally leverage a direct sales approach to market our products. This approach enables us to foster close relationships with our customers and have personalized interactions and deeper understanding of their specific needs. This task falls to our dedicated sales and marketing department in identifying and acquiring suitable potential markets and customers, and in maintaining close relationships with existing customers. In particular, our sales volume depends on the performance of our sales and marketing department in marketing our products to customers in a manner that is customized to their specific needs. The effectiveness of our sales and marking department may be affected by a number of factors, including:

- the skills, knowledge and expertise of our marketing and sales personnel in clearly understanding and pin-pointing the specific needs of customers and in effectively and accurately conveying those needs to our technical product and R&D departments;
- the ability of our marketing and sales personnel in communicating and collaborating with our technical product and R&D departments, particularly in presenting high technical aspects of our products to our customers in more accessible terms; and
- the manpower and resources available to our sales and marketing department in reaching out to potential customers and managing existing relationships.

Our sales and marketing department may not be able to effectively expand our customer network or maintain good relationships with existing customers or commercialize customer relationships for the Company. Failure of our sales and marketing department to do so could adversely affect our business and prospects. We cannot ensure that the transfer of knowledge from outgoing to existing or incoming sales and marketing employees are seamlessly carried out without significant gaps. Furthermore, we cannot guarantee that our confidentiality and non-competition arrangements with our employees are able to prevent outgoing employees from utilizing customer networks that they have fostered while working with us elsewhere. Failure in effectively managing knowledge transfers and confidentiality and non-competition risks in respect of our outgoing sales and marketing employees may adversely impact our business and prospects.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and risk control procedures. These systems are designed to help us manage our risk exposures, primarily our operational risk, legal risk and liquidity risk. However, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance our risk management and internal control systems from time to time, we cannot assure you that our risk management and internal control systems are adequate or effective notwithstanding our efforts. Any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on their effective implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human error. We are unable to guarantee that our risk management and internal control systems will be effective in preventing the occurrence of corruption, bribery or other illegal activities. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to risks relating to litigations and disputes with employees, competitors, business partners or other parties, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by various external or internal parties. We could be subject to future labor disputes and adverse employee relations. Such disputes and any future labor disputes and adverse employee relations could result in legal proceedings and lead to reputational harm, monetary damages, interruptions of our operation or diversion of managerial attention.

We may also be subject to disputes with our competitors, suppliers, business partners or governmental entities relating to contractual disputes, IP right infringements or legal compliance. Such claims and disputes may evolve into litigations or law enforcement actions. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Legal proceedings are distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert managerial attention from our day-to-day operations, any of which could harm our business. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business may be adversely affected by inadequate protection of intellectual property rights and/or claims by third parties for possible infringement of their rights.

We believe that our intellectual property rights are crucial to our success. We depend, to a significant extent, on intellectual property laws of the countries and regions where we operate to protect our trademarks, patents or other intellectual property rights. There is no assurance that third parties will not infringe our intellectual property rights such as through the production and sale of counterfeit products. There is no assurance that we will always be able to identify cases of infringement or potential infringement of our intellectual property rights. If there are counterfeits of our branded products on the market, the image of our brands and our reputation as to quality may be adversely affected. Further, our efforts in enforcing or defending our intellectual property rights may not be adequate, and enforcing or defending such rights may require significant attention from our management team and may be costly. The outcome of any legal action to protect or safeguard our intellectual property rights may adversely affect our business, financial condition, results of operations and prospects.

Third parties, including our competitors, may believe that our products have infringed their intellectual property rights and initiate legal proceedings against us. If any legal proceeding against us for infringement of intellectual property rights is successful, we may be ordered to cease carrying on such infringing behavior. Intellectual property litigation against us may have a material adverse impact on our business and results of operations. Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases, in which case we may need to pay damages or be forced to cease using certain technologies or content that are critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to limit future liabilities may have a material adverse effect on our business, results of operations and prospects.

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 may be required to maintain various approvals, licenses, permits and certifications in order to operate our business. See "Business — Licenses, Approvals and Permits" in this document. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any non-compliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity are relatively new and continuously evolving. Please see "Regulatory Overview — PRC Regulatory Overview — Laws and Regulations relating to Cyber Security and Data Security" in this document for further details. 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, or at all. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Any failure to fully comply with present or future labor, environmental, safety and occupational health laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain PRC laws and regulations relating to environmental, safety and occupational health matters. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our business in the future.

In addition, we are subject to various ESG rules and regulations by governing bodies, including the Stock Exchange and the SFC once we become a **[REDACTED]** company, as well as regulatory authorities in China. We must also adapt to new and evolving regulatory measures under applicable laws and changing social trends concerning ESG risks. **[REDACTED]** are increasingly focused on ESG issues and tend to incorporate ESG performance into their **[REDACTED]** decisions, while customers are becoming more environmentally conscious, preferring products with green and environmentally friendly design and production. For details, see "Business — Environmental, Social and Governance" in this document. Our efforts to comply with new and changing laws, regulations and social trends may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities, which may adversely affect our business, financial condition or results of operations.

Our employees or other third parties may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures, bribery of government officials, import-export controls, lobbying or similar activities, and any other applicable laws or regulations. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

We engage third-party logistics service providers to deliver our products. Disruption in logistics may prevent us from meeting customer demand and our business, financial condition and results of operations may suffer as a result.

We engage independent third party logistics service providers to deliver finished wafers and components to us or to our designated warehouse or packaging supplier, shipping of packaged sensor from packaging supplier to us for final test, or deliver finished goods from our facilities to locations specified by our customers. Disputes with or termination in our contractual relationships with one or more of our logistics service providers could result in delayed delivery of products or increased costs. There can be no assurance that we can continue or extend relationships with our current logistics service providers on terms acceptable to us, or that we will be able to establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with our preferred logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis or at prices acceptable to our consumers. If there is any breakdown in our relationships with our preferred logistics service providers, we cannot assure you that no interruptions would occur or that they would not materially and adversely affect our business, prospects and results of operations.

As we do not have any direct control over these logistics service providers, we cannot guarantee the quality of their services. In addition, services provided by these logistics service providers could be interrupted by unforeseen events beyond our control, such as poor handling provided by these logistics service providers, natural disasters, pandemics, adverse weather conditions, riots and labor strikes. Given the high value of our products, any damage incurred during transit could result in significant losses. If our transportation insurance fails to cover such damages, we would bear material financial losses. Furthermore, if there is any delay in delivery, damage to products during transit or any other issue, we may lose customers and sales and our brand image may be tarnished.

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

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

Our operations and those of our production partners are vulnerable to natural disasters and other events beyond our control, the occurrence of which may have an adverse effect on the supply chain of our suppliers and on our facilities, personnel and results of operations.

Our business operations are faced with numerous risks and dangers, including capacity constraints, labor strikes, fire, natural disasters (e.g. earthquakes, typhoons), environmental or occupational disasters. Any of these events could have a material adverse effect on our business.

We have owned and leased properties in the PRC, Japan and Belgium which could suffer significant business disruption due to earthquakes or other natural disasters. We are currently not covered by insurance against such business disruption. In the event of a natural disaster, we could face substantial costs related to repairs, operational downtime, and potential loss of revenue. Additionally, disruptions at our packaging facility in the PRC could have cascading effects on our supply chain and ability to meet customer demands, which may adversely affect our financial condition and results of operations. Similarly, the manufacturing facilities of some of our suppliers are principally located in regions susceptible to risks of war, earthquake and typhoon, and their production capacity may be reduced or eliminated due to such disasters. In addition, an outbreak of epidemic in the human population, or another similar health crisis, could adversely affect the economies and financial markets of entire regions, particularly in Asia. Moreover, any related disruptions to transportation or the free movement of persons could hamper our operations and force us to close our offices temporarily.

The occurrence of any of the foregoing or other natural or man-made disasters could cause damage or disruption to us, our employees, operations, markets, and customers, which could result in significant delays in deliveries or substantial shortages of our products and could adversely affect our business, financial condition, results of operations or prospects.

We may engage in acquisitions or strategic alliances that could disrupt our business, result in increased expenses, reduce our financial resources and cause dilution to our Shareholders. We cannot assure you that such acquisitions or strategic alliances will be successfully implemented.

We may engage in acquisitions or strategic alliances to expand our business. However, we may not be able to find suitable acquisition candidates, complete acquisitions on favorable terms, if at all, or integrate any acquired business, products or technologies into our operations. If we do complete acquisitions, they may be viewed negatively by customers or investors and they may not enable us to strengthen our competitive position or achieve our goals. In addition, any acquisitions that we make could lead to difficulties in integrating personnel, technologies and operations from the acquired businesses and in retaining and motivating key personnel from these businesses. Moreover, acquisitions may disrupt our ongoing operations, divert the management from day-to-day responsibilities, and increase our expenses. Future acquisitions may reduce our cash available for operations and other uses, and could result in increases in amortization expenses related to identifiable intangible assets acquired, potentially dilutive issuances of equity securities or the incurrence of debt. We cannot predict the number, timing or size of future acquisitions, or the effect that any such acquisitions might have on our operating results.

We will incur increased costs as a result of operating as a [REDACTED] company, and our management will be required to devote substantial time to new compliance initiatives.

As a **[REDACTED]** company, we will incur additional legal, accounting and other expenses that we did not previously incur. Although we are currently unable to estimate these costs with any degree of certainty, they may be material in amount. Our management and other personnel will need to devote a substantial amount of time to compliance initiatives as well as investor relations. Moreover, applicable rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

RISKS RELATING TO DOING BUSINESS IN THE MARKETS IN WHICH WE OPERATE

Changes in China's and the global economic, political or social conditions in the countries and regions where we operate could have a material and adverse effect on our business and operations.

We are a company incorporated in and operated under the laws of PRC, and a substantial part of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy has experienced significant growth over the past decades, and the Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

In addition, the global economic, political and social conditions are evolving rapidly and are subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. See "— Our business, financial condition and results of operations may be materially and adversely affected by international policies, export controls and economic sanctions" in this section. In addition, China's Export Control Law, effective since December 2020, introduces a comprehensive regulatory framework governing the export of dual-use items, technologies, and services, which empowers Chinese regulatory authorities to impose restrictions or prohibitions on exports to specific countries, entities, or individuals. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

Our business, financial condition and results of operations may be materially and adversely affected by international policies, export controls and economic sanctions.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

In particular, U.S. sanctions targeting China-based technology companies, including economic restrictions, may directly or indirectly affect our business. The Office of Foreign Assets Control ("**OFAC**") of the Department of Treasury of the United States administers U.S. sanctions programs against targeted countries, entities and individuals, which prohibits U.S. companies or U.S. persons from engaging in any transaction with or providing any goods or services for the benefit of the targeted country, entity or individual. During the Track Record Period, we entered into certain transactions with an entity on the Specially Designated Nationals and Blocked Persons list ("**SDN List**", and the entity on the SDN List, the "**SDN Customer**"). As advised by our International Sanctions Counsel, our business dealings with the SDN Customer do not represent a Primary Sanctioned Activity because there was no U.S. nexus involved. In addition, the secondary sanction risks on our Group and Relevant Persons in connection with our business dealings with the SDN Customer is low because (i) we are not a Sanctioned Trader as the revenue derived from the Sanctioned Targets and Sanctioned Country entities or persons only accounted for 1.1% of our revenue generated in the year ended December 31, 2024; (ii) items sold to the SDN Customer were for civil-use purposes only and not for military or aerospace uses; (iii) transactions with the SDN Customer have no Russian nexus which will not deter the U.S.'s statutory objectives against Russia under the Executive Order 14024; and (iv) our Group has suspended all cooperation with the SDN Customer since 2025.

In addition to sanctions measures, the United States has imposed export controls measures that directly or indirectly affect China-based technology companies. Since October 2022, the Bureau of Industry and Security ("**BIS**") of the U.S. Department of Commerce issued various interim final rules aimed at limiting China's access to advanced computing integrated circuits, supercomputers, and advanced semiconductor manufacturing.

In addition to the restrictions introduced above, the BIS also maintains lists of individuals and entities subject to enhanced export control restrictions. One such list, the Entity List, includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals, and other legal entities. In recent years, the United States has added an increasing number of entities, including several in China, to the Entity List and other restricted or prohibited parties' lists. Due to the sudden and unpredictable nature of these decisions, it is challenging to foresee developments in this area. The United States has recently strengthened export control and economic sanctions on China, including adding certain PRC entities or individuals onto Entity List and other sanctions lists that limit their access to certain U.S.-origin goods, software, and technologies, items that contain certain portions of U.S.-origin controlled goods, software or technologies, and foreign direct products of certain U.S.-origin software, technologies or equipment. Moreover, as our products become more technologically advanced, there is a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

Furthermore, the Department of Treasury of the United States released a final rule imposing restrictions on U.S. outbound investment in Chinese companies active in developing certain national securities technologies (the "**Final Rule**") on October 28, 2024, which has taken effect on January 2, 2025. It imposes additional diligence responsibilities, record-keeping and notification requirements and restrictions on U.S. person and their controlled foreign entities engaging in certain transactions with entities or persons associated with Mainland China, Hong Kong and Macau that performing defined activities relating to semiconductors and microelectronics, quantum information technologies or artificial intelligence, such entities and persons are collectively referred to as "covered foreign persons" in the Final Rule. Such transactions with a covered foreign person are referred to as "covered transactions" in the Final Rule, which include acquisition of an equity interest in, provision of certain debt financing to, and entrance into a joint venture with a covered foreign person, as well as make certain investments as a limited partner in a non-U.S. person pooled investment fund that likely will invest in a covered foreign person. Depending on the covered foreign person's specific activities relating to the aforementioned three sectors, U.S. persons subject to the Final Rule are either prohibited from making a covered transaction, which is referred to as "prohibited transaction" in the Final Rule, or required to report a covered transaction, which is referred to as "notifiable transaction" in the Final Rule.

Pursuant to the Final Rule, we may be deemed to be a "covered foreign person" engaged in "covered activities". U.S. persons engaged in a "covered transaction" that involves the acquisition of our equity interests may need to make a notification to the Department of Treasury of the

United States pursuant to the Final Rule, which could limit our ability to raise capital or contingent equity capital. However, there is no assurance that the Department of Treasury of the United States will take the same view as ours. In addition, the application and implication of the Final Rule and any related policies, laws and regulations are complex, which may be changed and updated from time to time. These rules may limit our ability to raise capital from U.S. and other sources. The interpretation and enforcement of these rules are evolving and unclear. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our future strategies, financial performance and growth prospects.

Recent increases in U.S. tariffs and heightened global trade tensions may adversely affect our international expansion and business performance.

In light of our strategic efforts to expand into international markets, we are increasingly exposed to global trade policy developments and geopolitical tensions. Recently, the United States government announced a series of tariff increases on imports from China. Beginning in February, 2025, a baseline 10% tariff was imposed on all imports from China, followed by successive adjustments in March and April 2025. As of April 11, 2025, the tariff rate on imports from China introduced by the U.S. government had increased to 145%. In response to the tariff tensions initiated by the United States, China implemented a series of measures, including raising additional tariffs on U.S. goods to as high as 125%. On May 12, 2025, the U.S. and China governments jointly announced a significant reduction in tariffs, with U.S. tariffs on tariff rate on imports from China falling from 145% to 30%, and Chinese tariff rate on imports from U.S. falling from 125% to 10%. Other planned tariff increases have been temporarily suspended. On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025.

As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and the global trade tension will develop. In the event that our customers reduce their orders, be such due to a decrease in overall demand of our products, replacing us with other suppliers, downturn of the macro-economy or other reasons, our business, financial conditions and results of operation will be adversely affected. Also, in the event that we are required to adjust our pricing strategies due to the changes of competition dynamics, our business, financial conditions and results of operation will be adversely affected. We cannot assure you that our sales to the U.S. in the future will remain unaffected or how our sales will be affected in light of the uncertainties relating to the geopolitical landscape and the development of the trade tension and tariff imposition. Any trade restrictions imposed by the U.S. on our products may increase our U.S. customers' purchase costs of our products and hence lower our competitiveness.

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

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise entitled to preferential tax treatment can be reduced to a rate ranging from 10% to 15%. In addition, under the relevant regulations, additional tax deduction is allowed for qualified R&D costs during the Track Record Period. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expense" in this document. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations.

During the Track Record Period, we recorded government grants of RMB8.2 million, RMB15.8 million and RMB33.2 million in 2022, 2023 and 2024, respectively, which mainly consist of specific subsidies and other subsidies. See "Financial Information — Period-to-Period Comparison of Results of Operations — Other Income and Gains" in this document. We cannot assure you that we will continue to receive and benefit from such grants in the future.

Fluctuations in exchange rates could result in foreign currency exchange losses and would have an adverse effect on our business and investors' investments.

The exchange rate of Renminbi against the Hong Kong dollar, U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rates in the future.

Moreover, as we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. In 2022, 2023 and 2024, we recorded net foreign exchange losses of RMB9.6 million, RMB0.9 million and RMB2.6 million, respectively.

The **[REDACTED]** from the **[REDACTED]** will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our **[REDACTED]** in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our **[REDACTED]** in foreign currency terms. Remittances of Renminbi into and out of China are subject to strict restrictions.

We are subject to potential material and adverse effects in respect of defects in our existing properties owned and leased in the countries and regions where we operate.

As of the Latest Practicable Date, we leased five buildings with an aggregate gross floor area of approximately 17,269.0 sq.m as our offices, production facility and R&D facility in the PRC. As of the Latest Practicable Date, we had not completed the registration of four lease agreements for these leased buildings with the relevant competent authorities in accordance with applicable laws and regulations in China. As advised by our PRC Legal Advisor, if we or the landlords fail to register such lease agreements for our leased buildings as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreement. There can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the non-registration of these lease agreements.

In addition, the lessor of one of our leased properties with an aggregate gross floor area of 13,307.3 sq.m. was unable to provide a valid title certificate as of the Latest Practicable Date. See "Business — Our Properties — Leased Properties — Title Defects" in this document. We may not be able to continue to use such property if the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. As of the Latest Practicable Date, we were not aware of any challenge by third parties or government authority of such title defect. We cannot assure you that in the future, we may not encounter such challenges. In addition, in the event of relocation, the additional costs could adversely affect our daily operation and cause an impact on our financial condition.

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 China. In addition, the majority of our Directors and executive officers reside in China, and substantially all of the assets of such Directors and executive officers are located in China. 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 China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. In addition, the lack of mutual recognition and enforcement of judicial decisions and rulings across different jurisdictions may also pose difficulties in enforcing the judgments against us. 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 China 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 China or Hong Kong court.

China 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 China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

Any failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas Publicly-Listed Company (國家外匯總局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) promulgated by SAFE on February 15, 2012, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any share incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our Directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted share-based payment awards will be subject to these regulations when we become an **[REDACTED]** company upon the completion of this **[REDACTED]**. Failure to complete the required registrations may subject them to fines, and legal sanctions and may also limit our ability. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our Directors, executive officers and employees under PRC law.

The State Administration of Taxation of the PRC also issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The domestic qualified agent has obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

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

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

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

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the Chinese current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

Foreign individual holders of our H Shares are subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises holding our H Shares.

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》). Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, a withholding tax rate of 10% shall apply to the dividends paid by a company listed in Hong Kong to foreign individuals according to the treaties. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the applicable tax rate if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no double taxation treaty is applicable.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those which have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations may be amended from time to time, and all non-PRC resident individual holders may be subject to PRC individual income tax at a flat rate of 20%.

In addition, the PRC's tax authorities may amend the interpretation and application of applicable PRC tax laws and regulations, including the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends paid to non-PRC resident shareholders holding our H Shares, and on gains realized on the sale or other disposition of our H Shares. The

PRC's tax laws and regulations may also change. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your **[REDACTED]** in our **[REDACTED]** may be materially affected.

RISKS RELATING TO THE [REDACTED]

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

Prior to the **[REDACTED]**, there has been no public market for our **[REDACTED]**. The initial **[REDACTED]** for our **[REDACTED]** to the public will be agreed by us and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** of the **[REDACTED]** following this **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the **[REDACTED]**. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the **[REDACTED]** will develop or, if it does develop, that it will be sustained following the **[REDACTED]** or that the **[REDACTED]** of our **[REDACTED]** will not decline following the **[REDACTED]**. In addition, the **[REDACTED]** and **[REDACTED]** of the **[REDACTED]** may be subject to significant volatility as a result of various factors, including but not limited to:

- variations in our operating results or differences between our operating results and those anticipated by **[REDACTED]** and analysts;
- changes in securities analysts' estimates of our financial performance;
- announcements made by us or our competitors;
- regulatory or market changes in the PRC affecting us or the industries in which we participate;
- any business interruptions resulting from natural disasters or accidents;
- **[REDACTED]** perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- announcements of or completions of acquisitions, strategic alliances or joint ventures by us or our competitors;
- additions to, or departure of, our key personnel;

- release or expiration of lock-up or other transfer restrictions on our Shares or sales or perceived sales of additional Shares by us or other Shareholders.;

- liability claims brought against us;

- potential litigation or regulatory investigation; and

- general political, economic, financial, social development and stock market conditions and other factors.

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

The [REDACTED] and [REDACTED] of our [REDACTED] may be volatile, which could result in substantial losses to you.

The **[REDACTED]** and **[REDACTED]** of our **[REDACTED]** may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performances of and fluctuations in the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatilities in the **[REDACTED]** and **[REDACTED]** of our **[REDACTED]**. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the **[REDACTED]** performance of our **[REDACTED]**. These broad market and industry factors may significantly affect the **[REDACTED]** and **[REDACTED]** of our **[REDACTED]**, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the **[REDACTED]** of our **[REDACTED]** is higher than the consolidated net tangible assets per **[REDACTED]** immediately prior to the **[REDACTED]**, purchasers of our **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible asset value per share of their shares. See

Appendix II to this document for details. In addition, holders of our **[REDACTED]** may experience further dilution of their interest if the **[REDACTED]** exercise the **[REDACTED]** or if we **[REDACTED]** additional **[REDACTED]** in the future to raise additional capital. In addition, holders of our **[REDACTED]** may experience further dilution of their interests if the **[REDACTED]** exercise the **[REDACTED]** or if we obtain additional capital in the future through **[REDACTED]**.

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

Our management may spend the **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return. See "Future Plans and **[REDACTED]**" in this document. However, our management will have discretion as to the actual application of our **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the **[REDACTED]** from this **[REDACTED]**.

Future sales or perceived sales of a substantial number of [REDACTED] in the [REDACTED] could materially and adversely affect the prevailing [REDACTED] of our [REDACTED] and our ability to [REDACTED] in the future.

The future sale of a significant number of our **[REDACTED]** in the **[REDACTED]** after the **[REDACTED]**, or the perception or anticipation of such sales, by any one of our Shareholders could materially and adversely affect the **[REDACTED]** of our **[REDACTED]** and could materially impair our future ability to raise capital in the future at a time and price that we deem appropriate. Although our Controlling Shareholders have agreed to a **[REDACTED]** of its **[REDACTED]**, any major disposal of our Shares by the Controlling Shareholders upon expiry of the relevant **[REDACTED]** periods or the perception that these disposals may occur may cause the **[REDACTED]** of our **[REDACTED]** to fall which could negatively impact our ability to raise equity capital in the future.

Potential conversion of [REDACTED] Shares into [REDACTED] may result in an increase in the number of [REDACTED] available in the market, which in turn affects the price of [REDACTED].

Subject to approval by the CSRC, **[REDACTED]** Shares may be **[REDACTED]** or **[REDACTED]** on an overseas securities exchange. Any **[REDACTED]** or **[REDACTED]** of the abovementioned Shares on an overseas securities exchange shall also comply with the regulatory procedures, rules and requirements of the relevant overseas securities exchange. Unless otherwise required by the overseas securities exchange, there is no requirement for the **[REDACTED]** and **[REDACTED]** of the above-mentioned Shares to be approved in a class meeting of our Company. For details, see "Share Capital — Conversion of Our **[REDACTED]** Shares into **[REDACTED]**" in this document. Potential conversion of a substantial amount of **[REDACTED]** Shares into **[REDACTED]** could further increase the supply of **[REDACTED]** in the market and could have a material and adverse impact on the **[REDACTED]** of **[REDACTED]**.

We may not be able to pay any dividends on our H Shares.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. We cannot guarantee when and in what form dividends will be paid on our H Shares following the **[REDACTED]**. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our results of operations, cash flows and financial conditions, capital adequacy levels, operating and capital expenditure requirements, distributable profits as determined under the PRC GAAP, the HKFRS, our Articles of Association, the PRC Company Law, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividend" in this document for details.

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The **[REDACTED]** of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the **[REDACTED]** of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the **[REDACTED]** or **[REDACTED]** of our H Shares to decline.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters.

The words "aim," "anticipate," "believe," "can," "continue," "could," "expect," "going forward," "intend," "ought to," "may," "might" "plan," "potential," "predict," "project," "seek," "should" "will," "would," and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

The industry data, forecasts and statistics in this document are derived from various government publications or third-party sources and may not be accurate, complete or up to date.

This document includes industry fact, forecasts and statistics relating to our industry. Such facts, forecasts and statistics are derived from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official governmental publications and other publicly available publications. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. We have not independently verified any of the data, forecasts and other statistics from such sources, nor have we ascertained that the underlying economic assumptions relied upon in those sources. The information from official government sources has not been independently verified by us or any other parties involved in the **[REDACTED]**, or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the **[REDACTED]** and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the industry facts, forecasts, statistics or information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your **[REDACTED]** in our H Shares.

We may need additional capital, and the [REDACTED] and [REDACTED] of additional [REDACTED] or other equity securities could result in additional dilution to our Shareholders.

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

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles and other media regarding us and the [REDACTED].

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us, our business, our industries and the **[REDACTED]**, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us 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 disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this document only and should not rely on any other information.

Since there will be a gap of several days between [REDACTED] and [REDACTED] of our [REDACTED], holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before [REDACTED] of our [REDACTED] begins.

The **[REDACTED]** of our H Shares is expected to be determined on the **[REDACTED]**. However, our H Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be several business days after the **[REDACTED]**. As a result, investors may not be able to sell or otherwise deal in our H Shares during that period, and holders of our H Shares are subject to the risk that the price of our H Shares could fall before **[REDACTED]** begins due to adverse market conditions or other adverse developments that could occur between the time of **[REDACTED]** and the time **[REDACTED]** begins.

Our Controlling Shareholders may exert substantial influence over our operation and may not act in the best interests of our public Shareholders.

Immediately following completion of the **[REDACTED]** (and assuming that the **[REDACTED]** is not exercised at all), our Controlling Shareholders, will control approximately **[REDACTED]**% of the total share capital of our Company. For details, please see "Relationship with Our Controlling Shareholders" in this document. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of the Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or the interest of our Shareholders as a whole. If the interests of our Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

We have a dispersed shareholder base and there is a lack of agreement among our Shareholders or their respective shareholders regarding the arrangement on the disposal of our Shares.

We have a dispersed shareholder base with six individual and 25 corporate Shareholders. There is no shareholder agreement among these Shareholders or their respective shareholders regarding the arrangement or restrictions on the disposal of our Shares. The Shares held by our Controlling Shareholders are subject to **[REDACTED]** undertakings commencing from the **[REDACTED]**. For details, please see "**[REDACTED]**" in this document. In the event that any of these Shareholders dispose of the Shares after the expiry of the relevant **[REDACTED]** periods, it could negatively impact the **[REDACTED]** of our Shares or lead to volatility in the **[REDACTED]** or **[REDACTED]** of our Shares, affecting the value of your **[REDACTED]**.

For the purpose of the **[REDACTED]**, we have sought the following waivers from the Stock Exchange and the SFC in relation to certain requirements from the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of the 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 may be waived by the Stock Exchange in its discretion. Given that we are headquartered in the PRC with our principal business operation principally located, managed and conducted in the PRC and all of our executive Directors are not ordinarily resident in Hong Kong, it would be practically difficult and commercially unfeasible for us to either relocate two of our executive Directors to Hong Kong or to appoint two additional executive Directors who are ordinarily resident in Hong Kong in order to comply with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules on the following conditions:

- our Company will appoint two authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules, namely, Dr. Zhang, an executive Director and Mr. CHENG Ching Kit, one of our joint company secretaries, who will act as our Company's principal channel of communication with the Stock Exchange. Mr. CHENG Ching Kit is ordinarily resident in Hong Kong. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the Authorized Representatives is authorized by our Board to communicate on behalf of our Company with the Stock Exchange. Our Company [has been registered] as a non-Hong Kong company under Part 16 of the Companies Ordinance, and Mr. CHENG Ching Kit has been authorized to accept service of legal process and notice in Hong Kong on behalf of our Company;

- each of the Authorized Representatives has means to contact all members of our Board (including the independent non-executive Directors) and our senior management team promptly at all times as and when the Stock Exchange wishes to contact them or any of them for any matters. To enhance the communication amongst the Stock Exchange, the Authorized Representatives and our Directors, our Company will implement a number of policies whereby (i) each Director shall provide his/her mobile phone number, office phone number and email address to the Authorized Representatives; (ii) in the event that such Director expects to travel and be out of office, he/she shall provide the phone number of the place of his/her accommodation to the Authorized Representatives; and (iii) all our Directors and the Authorized Representatives will provide their respective mobile phone numbers, office phone numbers and email addresses to the Stock Exchange. We shall promptly inform the Stock Exchange of any changes to the contact details of the Authorized Representatives and our Directors;

- Guotai Junan Capital Limited [has been appointed] as our Company's compliance advisor, pursuant to Rule 3A.19 of the Listing Rules, to provide our Company with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to the Authorized Representatives, as our Company's additional channel of communication with the Stock Exchange for the period commencing on the **[REDACTED]** and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules and publishes its annual report in respect of its first full financial year commencing after the **[REDACTED]**. The contact person of the compliance advisor will be fully available to answer enquiries from the Stock Exchange;

- each of our Directors (including independent non-executive Directors) 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 would be able to meet with the Stock Exchange in Hong Kong upon reasonable notice; and

- our Company will also appoint other professional advisors (including its legal advisors in Hong Kong) after the **[REDACTED]** to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- a member of The Hong Kong Chartered Governance Institute;

- a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

- a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing "relevant experience", the Stock Exchange will consider the individual's:

- length of employment with the issuer and other issuers and the roles he/she played;
- familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and The Codes on Takeovers and Mergers and Share Buy-backs;
- relevant training taken and/or to be taken in addition to the minimum requirements under Rule 3.29 of the Listing Rules; and
- professional qualifications in other jurisdictions.

We have appointed Dr. Zhang as one of our joint company secretaries. Dr. Zhang is our executive Director and Board Secretary and has been assisting the chairman of our Board in handling various finance and corporate matters for years but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules. Thus, Dr. Zhang may not be able to fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. CHENG Ching Kit, an associate of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries), who fully meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary of our Company. Mr. CHENG Ching Kit will provide assistance to Dr. Zhang for an initial period of three years from the **[REDACTED]** to enable Dr. Zhang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Further, both the compliance advisor and the Hong Kong legal advisor of our Company will assist Dr. Zhang in relation to Hong Kong corporate governance practices and regulatory compliance, ongoing compliance obligations under the Listing Rules and the applicable laws and regulations as and when required. In addition, Dr. Zhang will endeavor to attend relevant trainings and familiarize herself with the Listing Rules and duties required of a company secretary of an issuer **[REDACTED]** on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Pursuant to Chapter 3.10 of the Guide For New Listing Applicants issued by the Stock Exchange, the waiver has been granted for an initial period of three years from the **[REDACTED]** (the "**Waiver Period**"), and has been granted on the conditions that (i) we engage Mr. CHENG Ching Kit, who possesses all the requisite qualifications under Rule 3.28 of the Listing Rules, to assist Dr. Zhang in discharging her duties as a joint company secretary and in gaining the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules throughout the Waiver Period; and (ii) the waiver will be revoked immediately if there are material breaches of the Listing Rules by our Company or if Mr. CHENG Ching Kit ceases to provide assistance to Dr. Zhang during the Waiver Period.

Before the expiration of the initial three-year period, the qualifications of Dr. Zhang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance will continue. It is expected that Dr. Zhang will be able to fulfill all the requirements stipulated at the end of the initial three-year period.

WAIVER AND EXEMPTION IN RELATION TO THE [REDACTED] SHARE OPTION SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by our Company (the "**Share Option Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon **[REDACTED]** as well as the impact on the earnings per share arising from the exercise of such outstanding options;

(b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to disclose, amongst others, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

As of the Latest Practicable Date, the total number of valid share options granted under the **[REDACTED]** Share Option Scheme was 6,173,000 options, and if exercised in full, representing approximately 1.67% of the issued share capital of our Company immediately before completion of the **[REDACTED]**, representing approximately **[REDACTED]**% of the issued share capital of our Company immediately upon completion of **[REDACTED]** and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**. For further details of our **[REDACTED]** Share Option Scheme, please see "Statutory and General Information — D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document.

We have applied to: (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, regarding the Share Option Disclosure Requirements in connection with the disclosure of certain details relating to the options and certain grantees in this document on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) among all the 26 persons who hold outstanding options under the **[REDACTED]** Share Option Scheme (the "**Grantees**"), only three Grantees are either the sole or majority shareholder of the corporate director of Gpixel Belgium and thus are our connected persons. The remaining 23 Grantees are employees of our Group who are not directors of our Company or any subsidiary or connected persons of our Company;

(b) our Directors consider that it would be unduly burdensome to disclose in the document full details of all the options granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and document preparation of this document for strict compliance with the Share Option Disclosure Requirements. For example, we would need to collect and verify the addresses of all Grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each Grantee, including their names, addresses and the number of options granted, may require obtaining consents from the Grantees in order to comply with personal data privacy laws and principles, and it would be unduly burdensome for our Company to obtain such consents given the number of Grantees;

(c) material information on the options has been disclosed in this document to provide prospective **[REDACTED]** with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings/(loss) per Share of the options in making their **[REDACTED]** decision, and such information includes: (i) a summary of the major terms of the **[REDACTED]** Share Option Scheme; (ii) the aggregate number of 6,173,000 shares subject to the options and the percentage of our Shares of which such number represents; (iii) the dilutive effect and the impact on earnings/(loss) per Share upon full exercise of the options immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no Shares are issued under the **[REDACTED]** Share Option Scheme); (iv) full details of the options granted to the connected persons of our Company, on an individual basis, are disclosed in this document, and such details include all the particulars required under the Share Option Disclosure Requirements; (v) with respect to the options granted to other Grantees (other than those referred to in (iv) above), the following details will be disclosed in this document, including the aggregate number of such Grantees, the consideration paid for the grant of the options and the exercise period and the exercise price for the options; and (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC. The above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Chapter 3.6 of the Guide For New Listing Applicants issued by the Stock Exchange;

(d) the three Grantees who are connected persons of our Company, have been granted options under the **[REDACTED]** Share Option Scheme to acquire an aggregate of 5,600,000 Shares, representing approximately **[REDACTED]**% of the issued share capital of the Company immediately after the completion of the **[REDACTED]** (without taking into account Shares may be issued pursuant to the exercise of the **[REDACTED]** and the options granted under the **[REDACTED]** Share Option Scheme), which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;

(e) strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of 23 Grantees without reflecting the materiality of the information does not provide any additional meaningful information to the **[REDACTED]** public; and

(f) a full list of all the Grantees, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display — Document available for inspection" in this document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not prejudice the interests of the investing public.

The Stock Exchange [has granted] to our Company a waiver from strict compliance with the Share Option Disclosure Requirements with respect to the options granted under the **[REDACTED]** Share Option Scheme on the conditions that:

(a) on an individual basis, full details of the outstanding options granted under the **[REDACTED]** Share Option Scheme to each of connected persons of our Company, will be disclosed in the section headed "Statutory and General Information — D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document as required under the Share Option Disclosure Requirements;

(b) in respect of the options under the **[REDACTED]** Share Option Scheme granted to the remaining Grantees (being the other Grantees who are not connected persons of our Company), disclosure will be made, on an aggregate basis, including (A) the total number of grantees and the number of Shares underlying the options granted under the **[REDACTED]** Share Option Scheme, (B) the date of grant and the expiry date of the options under the **[REDACTED]** Share Option Scheme, and (C) the exercise period of the options and the exercise price of the options granted under the **[REDACTED]** Share Option Scheme;

(c) the aggregate number of 6,173,000 Shares underlying the outstanding options granted under the **[REDACTED]** Share Option Scheme and the percentage of our Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this document;

(d) the dilution effect and impact on earnings/(loss) per Share upon the full exercise of the outstanding options under the **[REDACTED]** Share Option Scheme will be disclosed in the section headed "Statutory and General Information — D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document;

(e) a summary of the major terms of the **[REDACTED]** Share Option Scheme will be disclosed in the section headed "Statutory and General Information — D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document;

(f) the particulars of this waiver will be disclosed in this document which will be issued on or before **[REDACTED]**;

(g) a list of all the Grantees (including those persons whose details have already been disclosed) containing all the particulars as required under the Share Option Disclosure Requirements will be made available for public inspection in accordance with the section headed "Documents Delivered to the Registrar of Companies and Available on Display — Document available for inspection" in Appendix VII to this document; and

(h) SFC agreed to grant to our Company a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(a) on an individual basis, the full details of the options granted by the Company to the connected persons of the Company, including all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this document;

(b) in respect of the options under the **[REDACTED]** Share Option Scheme granted to the remaining Grantees (being the other Grantees who are not connected persons of our Company), disclosure will be made, on an aggregate basis, including (A) the total number of grantees and number of Shares underlying the options granted under the **[REDACTED]** Share Option Scheme, (B) the date of grant and the expiry date of the options under the **[REDACTED]** Share Option Scheme, and (C) the exercise period of the options and the exercise price of the options granted under the **[REDACTED]** Share Option Scheme;

(c) a full list of all the Grantees, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display — Document available for inspection" of this document; and

(d) the particulars of the exemption will be disclosed in this document which will be issued on or before **[REDACTED]**.

[REDACTED]

[REDACTED]

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions with Luster and its subsidiaries which would constitute continuing connected transactions under the Listing Rules upon **[REDACTED]**. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirements pursuant to Rules 14A.105 of the Listing Rules for such continuing connected transactions. Please see "Continuing Connected Transactions" in this document for details.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Name	Residential address	Nationality
DIRECTORS		
Executive Directors		
Dr. WANG Xinyang (王欣洋)	No. 6, Gutang Road Binjiang District Hangzhou Zhejiang Province PRC	Chinese
Dr. ZHANG Yanxia (張艷霞)	No. 4, Unit 1, Building 1 Area C Ruyi Community, Hubai Road Xincheng District, Hohhot Inner Mongolia Autonomous Region PRC	Chinese
Ms. WU Qinyun (鄔勤耘)	Building 11 Desheng Xincun Gongshu District, Hangzhou Zhejiang Province PRC	Chinese
Non-executive Directors		
Ms. YANG Yi (楊藝)	No. 38, Songshu Street Xicheng District Beijing PRC	Chinese
Dr. CHU Hairong (儲海榮)	Group 19, Guangming Instrument Factory Committee, Mingzhu Street Nanguan District, Changchun Jilin Province PRC	Chinese
Dr. XIONG Jingying (熊晶瑩)	Group 32, Chemical Geology Exploration Institute Committee, Mingzhu Street Nanguan District, Changchun Jilin Province PRC	Chinese

Name	Residential address	Nationality
Independent Non-executive Directors		
Dr. WANG Xinlu (王新路)	No. 104, Tianhe Road Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Dr. XIE Ning (解寧)	Room 802, No. 11 Lane 238, Huoxiang Road Pudong New Area Shanghai PRC	Chinese
Dr. GAO Teng (高騰)	Room 2723, Vega Suites 3 Tong Tak Street Tseung Kwan O Hong Kong	Belgian

Please see "Directors and Senior Management" in this document for further details.

Joint Sponsors

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong law* **Jia Yuan Law Office** Suites 3502–3503, 35/F Tower 1, Exchange Square 8 Connaught Place, Central Hong Kong
	As to PRC law **Jia Yuan Law Offices** 32 F, Building S1, The Bund Finance Center No. 600, Zhongshan No. 2 Road (E) Huangpu District, Shanghai PRC
	As to International Sanctions Laws **King & Wood Mallesons** 10F, Building B4, Xinchen Lingang Center Lane 9, North Yunjuan Road, Shengang Street Pudong New District, Shanghai PRC

Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law* **Jingtian & Gongcheng LLP** Suites 3203–3207, 32/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* **Jingtian & Gongcheng** 45/F, K. Wah Centre 1010 Huaihai Road (M) Xuhui District Shanghai PRC
Auditor and Reporting Accountants	**Ernst & Young** 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *Certified Public Accountants* *Registered Public Interest Entity Auditor*
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 West Nanjing Road Shanghai 200040 PRC
Compliance Advisor	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	Office Buildings 1 and 5 Phase I, Optoelectronic Information Industrial Park No. 7691, Ziyou Road Changchun Economic and Technological Development Zone Jilin Province PRC
Headquarters and Principal Place of Business in the PRC	Office Buildings 1 and 5 Phase I, Optoelectronic Information Industrial Park No. 7691, Ziyou Road Changchun Economic and Technological Development Zone Jilin Province PRC
Principal place of business in Hong Kong	40th Floor Dah Sing Financial Centre No. 248, Queen's Road East Wanchai Hong Kong
Company's website	**www.gpixel.com** *(information contained in this website does not form part of this document)*
Joint Company Secretaries	**Dr. ZHANG Yanxia (張艷霞)** Office Buildings 1 and 5 Phase I, Optoelectronic Information Industrial Park No. 7691, Ziyou Road Changchun Economic and Technological Development Zone Jilin Province PRC **Mr. CHENG Ching Kit (鄭程傑)** *(an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre 48 Queen's Road East, Wanchai Hong Kong

Authorized Representatives	**Dr. ZHANG Yanxia (張艷霞)** Office Buildings 1 and 5 Phase I, Optoelectronic Information Industrial Park No. 7691, Ziyou Road Changchun Economic and Technological Development Zone Jilin Province PRC
	Mr. CHENG Ching Kit (鄭程傑) 40/F, Dah Sing Financial Centre 48 Queen's Road East, Wanchai Hong Kong
Audit Committee	Dr. WANG Xinlu (王新路) *(Chairman)* Dr. XIE Ning (解寧) Dr. XIONG Jingying (熊晶瑩)
Remuneration and Appraisal Committee	Dr. XIE Ning (解寧) *(Chairwoman)* Dr. WANG Xinlu (王新路) Dr. ZHANG Yanxia (張艷霞)
Nomination Committee	Dr. WANG Xinyang (王欣洋) *(Chairman)* Dr. XIE Ning (解寧) Dr. WANG Xinlu (王新路)
Strategy Committee	Dr. WANG Xinyang (王欣洋) *(Chairman)* Dr. ZHANG Yanxia (張艷霞) Ms. WU Qinyun (鄔勤耘)

[REDACTED]

Principal Bank	**China Construction Bank Corporation Changchun Chaoyang Branch** No. 2568, Tongzhi Street Chaoyang District Changchun City Jilin Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the industry report commissioned by us and independently prepared by Frost & Sullivan, in connection with the **[REDACTED]**. *In addition, certain information is based on, derived or extracted from, among other sources, publications of different government authorities and internal organizations, market statistics providers, communications with various the PRC government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information and statistics from official government sources have not been independently verified by us, the Joint Sponsors,* **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, *or any of their respective directors, advisers and affiliates, or any other person or parties involved in the* **[REDACTED]**, *and no representation is given as to their accuracy.*

OVERVIEW OF CMOS IMAGE SENSOR MARKET

Definition of CIS

CIS is an optical sensor built using CMOS technology, designed to convert light signals into electrical signals, and subsequently into digital data through integrated readout circuits. As the core component of camera modules, CIS plays a critical role in applications such as consumer, prosumer, automotive, security, industrial imaging, medical imaging, defense and aerospace, and scientific imaging. Compared with traditional CCD sensors, CIS offers advantages like lower power consumption, higher integration, reduced cost, and higher frame rate, making it the dominant technology in current imaging market.

In terms of structure, CIS adopts a highly integrated architecture consisting of a pixel array, row/column drivers, timing controller, ADC, data output interface, and control logic. A CIS operates by exposing a pixel unit to impinging light photons, where each pixel consists of a microlens that focuses incoming light through a color filter onto a photodiode, converting photons into electrical charge. After exposure, in a classic 4T pixel structure, the charge is transferred via a transfer gate to a floating diffusion node, where it is converted into a voltage signal. This signal is then amplified by a source follower and selectively read out through a row select transistor. Finally, the voltage is sent to column readout circuits, digitized by an ADC, and processed into image data, completing the conversion from light to digital image.

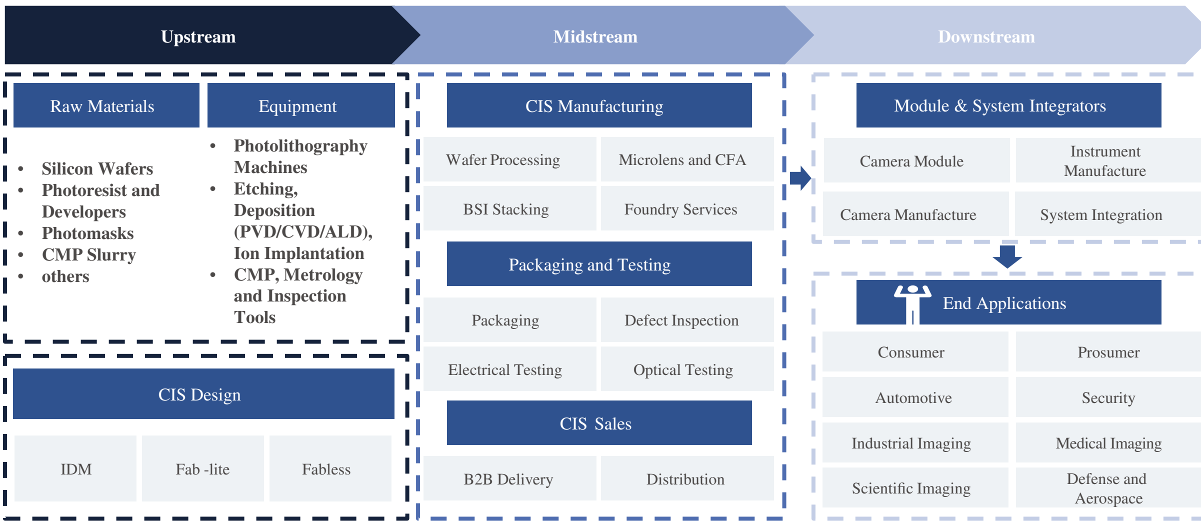
CIS can be classified into three types based on the sensor structure: FSI, BSI, and stacked CIS. Among these, stacked CIS offers significant improvements in image quality by increasing the area of pixel layer in the sensing unit, which also helps to effectively reduce circuit noise, adding more functionalities of the sensor. Regarding the shutter exposure method, CIS can be divided into rolling shutter and global shutter. The global shutter is the preferred choice for industrial imaging and high-speed photography applications, as it captures the entire image at once, avoiding distortion in fast-moving scenes.

CIS is widely used in various applications, including consumer electronics (such as smartphones, tablets, and computers), prosumer electronics (like DSLR, DSC, and action cameras), automotive systems, security surveillance, industrial imaging, medical imaging, scientific imaging and defense and aerospace.

In CIS market, there is a clear distinction in demand for products between consumer and non-consumer applications. Consumer CIS primarily targets mass-market electronics such as smartphones, computers, and tablets, characterized by high volume, strong price sensitivity, and short product cycles. Manufacturers compete through cost control and large-scale shipments, with customers focusing on price-performance ratios and rapid innovation. In contrast, non-consumer CIS serves specialized sectors such as industrial imaging, automotive sector, medical imaging, scientific imaging, etc. These applications demand for CIS products with higher unit prices, higher added value, and higher level of customization.

Value Chain of CIS

The upstream segment covers raw material sourcing, equipment, and CIS design. Raw materials include silicon wafers, photoresists, and other components. CIS design companies typically operate under three models: Fabless (design only), Fab-lite (design with partial wafer manufacturing capabilities), and IDM handling design to wafer production in-house). The midstream segment includes CIS manufacturing, involving processes such as wafer processing, BSI stacking, microlens and CFA and foundry services, as well as packaging and testing. It also covers CIS sales, where CIS is sold directly to module makers or OEMs, or distributed via distributors and representatives. The downstream segment involves module, camera manufacture, instrument and system integrators, for various end applications, covering the fields of industrial imaging, medical imaging, scientific imaging, consumer, prosumer, automotive and defense and aerospace. The chart below sets forth the value chain of CIS market:



Source: Frost & Sullivan

Market Size of Global CIS Market

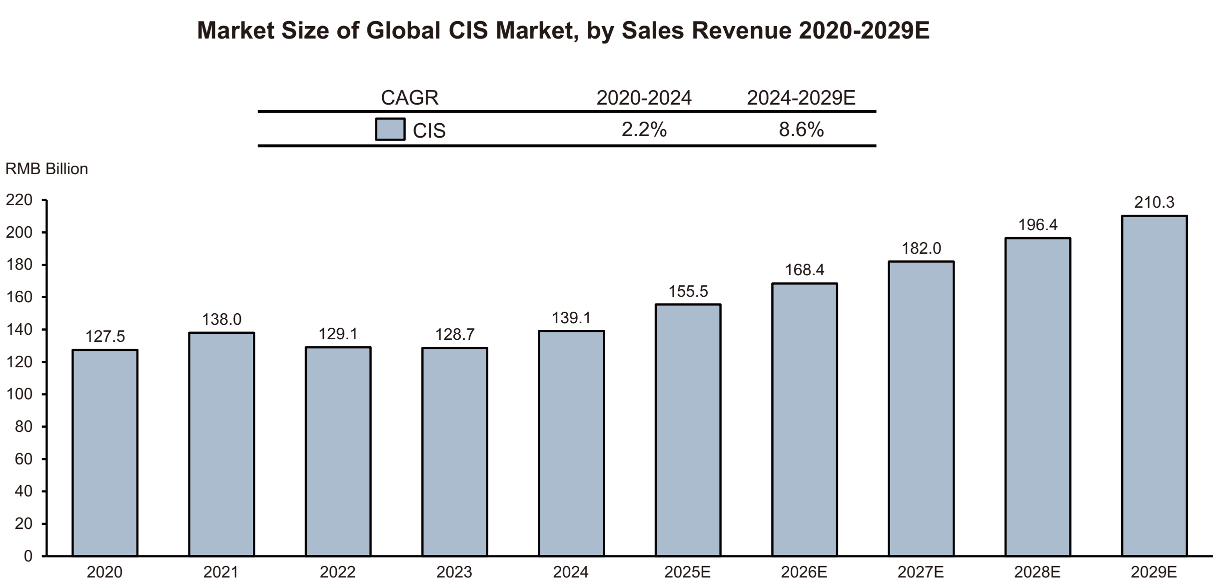
From 2020 to 2024, the global CIS market experienced moderate growth, with the total revenue increasing from RMB127.5 billion to RMB139.1 billion, representing a CAGR of 2.2%. The decline in the global CIS market size from 2021 to 2023 was driven by pandemic-induced weakened demand for consumer electronics. Additionally, excess inventory accumulation occurred due to overstocking during earlier supply chain disruptions. Macroeconomic uncertainty, including rising inflation and reduced capital expenditures, further suppressed overall market demand. As inventories were gradually digested and consumer markets stabilized, demand started to rebound. From 2024 to 2029, the growth in global CIS market size is projected to accelerate, with the total revenue expected to rise from RMB139.1 billion in 2024 to RMB210.3 billion in 2029, representing a CAGR of 8.6%. Since 2023, CIS has shown rapid market growth through advancements in core technologies (e.g. higher pixel density, enhanced low-light performance) and expanding adoption in automotive electronics, medical imaging, industrial imaging, etc. Therefore, the global CIS market is undergoing a structural transition, gradually shifting its growth focus from traditional consumer electronics to a broader range of professional applications.

In terms of applications, consumer CIS segment remains the dominant force, accounting for more than 71% in 2024. The prosumer market primarily includes professional photography and video and other high-end consumer imaging devices. Its market size grew from RMB5.2 billion in 2020 to RMB6.6 billion in 2024, representing a CAGR of 5.9%. The market size of industrial imaging CIS increased from RMB1.9 billion in 2020 to RMB2.9 billion in 2024, representing a

CAGR of 12.2%. The medical imaging sector demonstrated the most robust performance, with the market size nearly tripling from RMB1.1 billion in 2020 to RMB3.0 billion in 2024, representing a CAGR of 29.1%. Meanwhile, the market size of scientific imaging increased from RMB0.8 billion to RMB1.2 billion, with a CAGR of 10.3%. These segments, though smaller in absolute scale compared to consumer electronics, have increasingly contributed to the overall diversification of the demand base in CIS industry.

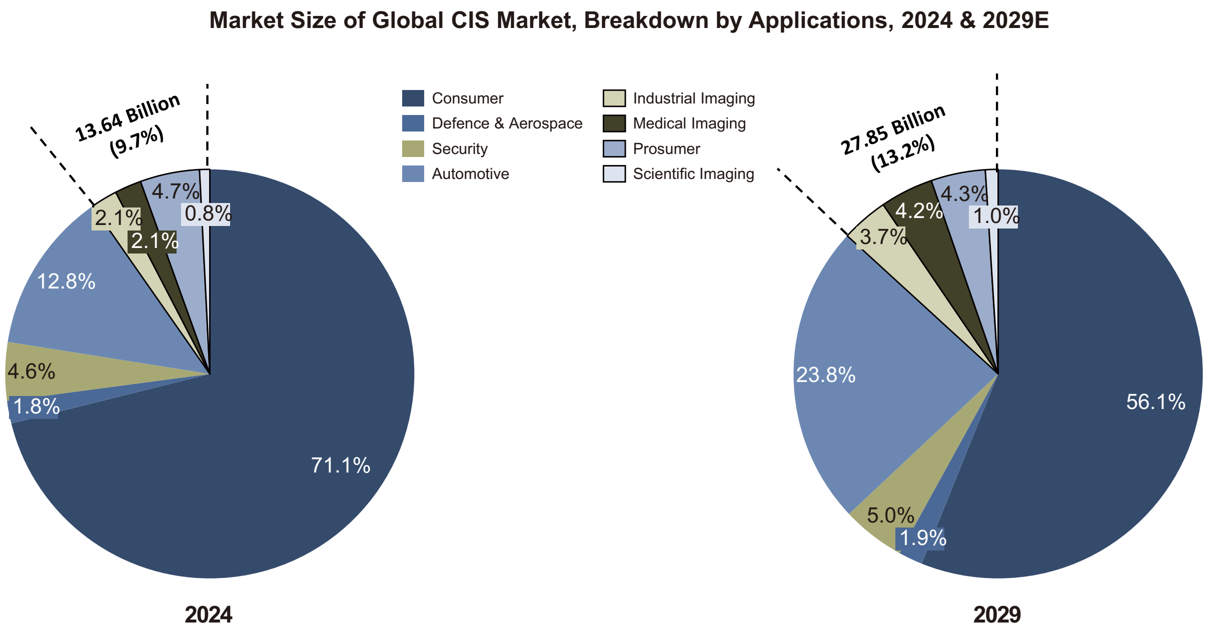
During the period from 2024 to 2029, the prosumer CIS market is expected to maintain steady growth, reaching RMB9.1 billion by 2029, driven by rising demand for high-quality imaging in drones, action cameras, and personal content creation. Medical imaging sector is expected to maintain strong growth, reaching RMB8.8 billion by 2029, with a projected CAGR of 24.4% from 2024 to 2029. It is driven by rising demand for high-resolution diagnostic imaging systems, an aging population, and increased healthcare investments. Industrial imaging sector is anticipated to expand rapidly, with the size rising to RMB7.8 billion at a CAGR of 21.5% from 2024 to 2029, supported by the widespread deployment of AI-powered visual inspection solutions, demand for real-time defect detection on high-speed production lines, and growing investment in smart robotics that require high-precision sensing. Growth in scientific imaging is forecast to accelerate at a CAGR of 12.8% from 2024 to 2029, fueled by expanding research funding, broader applications in life sciences and microscopy, and increasing demand for higher-resolution sensors in advanced laboratories.

The chart below sets forth the market size of global CIS market:



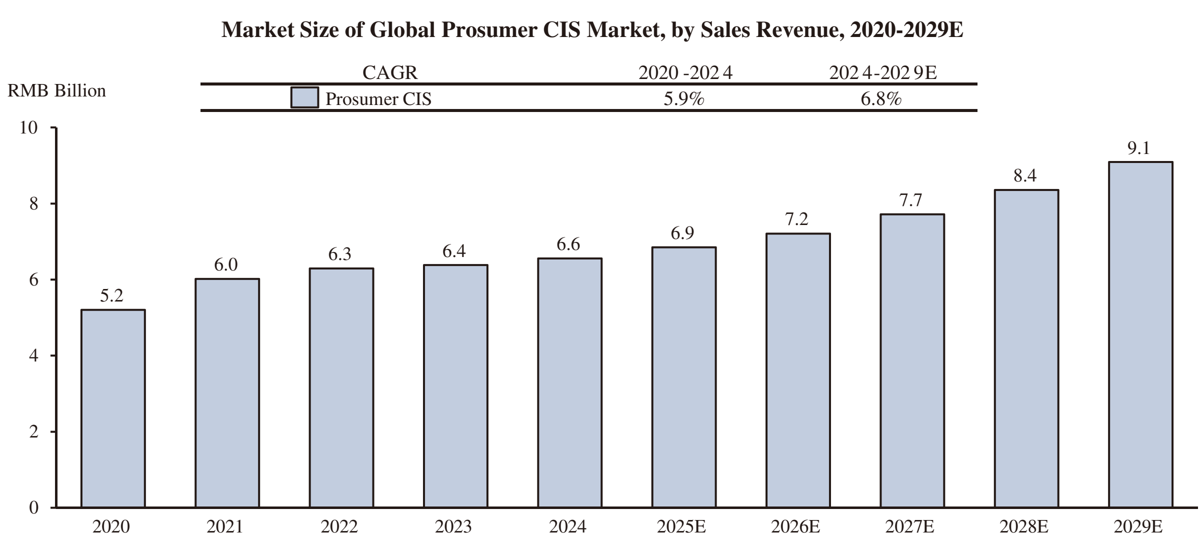
Source: Annual Reports, Frost & Sullivan

The chart below sets forth the market size of global CIS market, breakdown by applications:



Source: Annual Reports, Frost & Sullivan

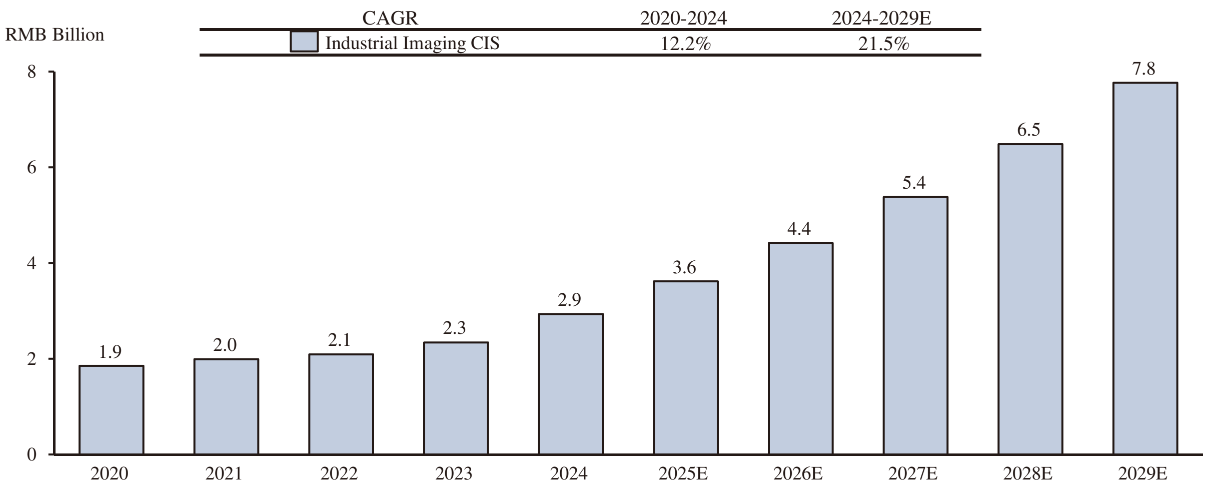
The chart below sets forth the market size of global prosumer CIS market:



Source: Annual Reports, Frost & Sullivan

The chart below sets forth the market size of global industrial imaging market:

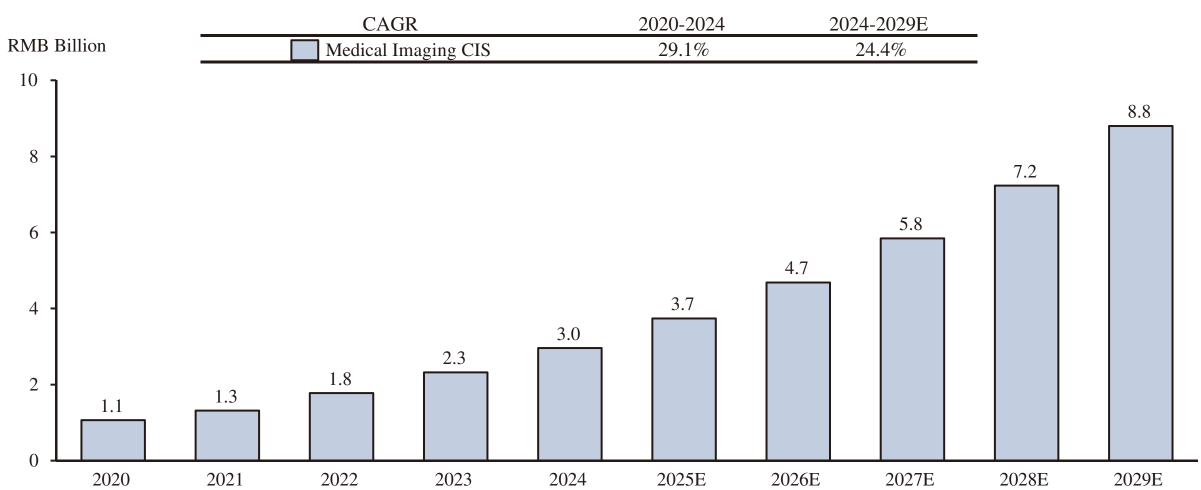
Market Size of Global Industrial Imaging CIS Market, by Sales Revenue, 2020-2029E



Source: Annual Reports, Frost & Sullivan

The chart below sets forth the market size of global medical imaging CIS market:

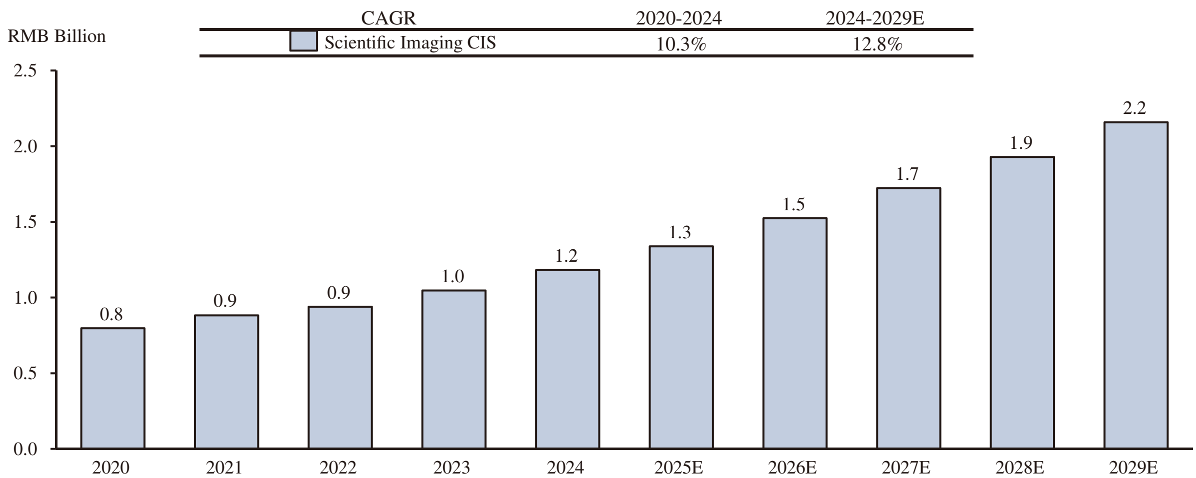
Market Size of Global Medical Imaging CIS Market, by Sales Revenue, 2020-2029E



Source: Annual Reports, Frost & Sullivan

The chart below sets forth the market size of global scientific imaging CIS market:

Market Size of Global Scientific Imaging CIS Market, by Sales Revenue, 2020-2029E



Source: Annual Reports, Frost & Sullivan

Market Drivers of the Global CIS market

Accelerated Technological Advancement

Pixel size reduction has been a fundamental driver of CIS performance improvement in consumer applications. With advanced process nodes, pixel sizes continue to shrink while maintaining or enhancing light sensitivity through optimized optical structures. This enables higher resolution in compact designs, which is essential in mobile, tablet and computer applications. Backside illumination improves low-light performance by relocating metal wiring behind the photodiode, while stacked CIS architecture separates the pixel array from logic circuits. This allows for higher data throughput and advanced on-chip functions such as multi-frame processing, HDR imaging, and on-chip image processing which are critical for professional imaging and machine vision.

Technological advancement in sensor design, such as high dynamic range, high frame rate, low noise, low power and high sensitivity, is also rapid evolving. On the HDR advancements, including digital-overlap HDR and per-pixel exposure control, address the need for accurate imaging in complex lighting conditions. These technologies are widely applied in automotive systems, industrial inspection, and scientific measurement. Faster readout speeds and the adoption of global shutter technology further enable distortion-free image capture in high-speed imaging, high-end industrial imaging, and professional imaging applications such as cinematography. Improvements in power efficiency, noise reduction and high sensitivity through low-power design, power mode control, and thermal noise suppression enhance reliability in mobile and low-light environments, especially in medical and laboratory settings. These innovations underscore the accelerating pace of CIS technology evolution and its expanding market relevance.

Incremental Demand

The increasing need for automation in industries such as factory automation, logistics and positioning, as well as high-end industrial inspection and metrology is pushing demand for high-performance CIS. The wide adoption of CIS in the production line increases throughput, reduces costs while improves quality. In scientific imaging sector, high-performance image sensor demand is driven by the continuous advancements in research areas such as astronomy, material science, biology, DNA sequence, etc. Higher resolution, improved sensitivity, and faster readout speeds are essential for capturing more detailed data, driving the growth of CIS in this field. For prosumer, the rise of content creation, including photography, cinematography, and broadcasting, continues to boost CIS demand, requiring sensors with higher resolution up to thousands of frames per second, improved low-light performance, and enhanced dynamic range. In medical imaging, CIS adoption is being driven by the demand for diagnostic techniques and portable imaging devices. Medical applications such as endoscopy, and diagnostic cameras require high-resolution and low-noise sensors to ensure accurate results. The rising focus on patient care and the growing need for real-time and on-site diagnostics are pushing demand for CIS in medical imaging technologies.

Ecosystem Transformation

Mature CMOS processes and mass production capabilities have driven continuous cost reductions per unit, cementing CMOS as the dominant technology over CCD in high-end imaging systems. Regionalized supply chain strategies are accelerating, with Asia leading manufacturing and packaging/testing, while North America and Europe retain leadership in sensor IP and algorithm development, forming a complementary "from R&D to manufacturing" ecosystem. The CIS market for consumer application is highly concentrated with manufacturers in Japan, Korea, and China. Similarly, the competition in automotive and security applications are also concentrated and highly competitive with suppliers in North America and China. Due to widely spread requirements and specifications, the competition in scientific imaging, industrial imaging, medical imaging, prosumer, aerospace and defense is less intense and the competitive dynamic and trend is towards technology and performance. The players have been significantly consolidated through acquisitions and mergers in the past decade to strengthen and expand the position in these high value-added market segments. In addition, the sustained capital investments in vision technologies empower startups to innovate rapidly, fostering healthy competition with incumbents and collectively expanding the overall market scale.

Future Trends of the Global CIS market

Pursuit of High Performance and Intelligence

The global CIS market is evolving toward higher resolution, lower power consumption, and enhanced optical performance. The maturing of stacked sensor architecture, which separates the pixel and logic layers, significantly improves processing efficiency and image quality. Functionality, feature or even intelligence integrated in the logic layer at the sensor level, is becoming a key trend. Integrating AI accelerators, signal processors, and embedded algorithms directly into the sensor chip is becoming increasingly important. This enables real-time edge computing functions such as object detection, scene classification, and event recognition during image capture. Such capabilities are particularly valuable in automotive vision, surveillance, and smart manufacturing systems. Additionally, the industry is seeing rapid advancements in high dynamic range and high-speed readout technologies. Features like digital-overlap HDR, regional exposure control, and global shutter architectures are improving performance in complex lighting and fast-motion environments. These technologies are essential for professional imaging, robotics, and scientific imaging. Lastly, the trend toward low power consumption and system-level integration continues to strengthen. Through advanced packaging, multi-mode power management, and thermal noise suppression, CIS is becoming more efficient and compact, enabling new applications in mobile healthcare, wearables, and portable diagnostics.

Application-Oriented Vision Solution Driving Market Growth

Application oriented vision solution is emerging as a key trend driving future growth of the CIS market, as image sensing technology expands from consumer electronics into a wide array of high-potential industries. In industrial imaging sector including machine vision, growing automation in manufacturing and logistics is increasing the need for precise detection, real-time analysis, and robotic control. This pushes the development of sensors with faster frame rates, global shutter functionality, and integrated processing capabilities. In medical devices, there is a growing need for sensors with superior low-light performance and extended dynamic range. The scientific research and instrumentation field is also expanding CIS usage. Applications such as microscopy, spectroscopy, and environmental observation require sensors that perform under low light and extreme conditions, driving the need for high-performance and customizable CIS solutions. Smart city initiatives are also fuelling demand for high-frame-rate and high-reliability image sensors in surveillance, intelligent transportation system, and unmanned retail, positioning these sectors as key contributors to the continued expansion of global CIS market.

Ecosystem Collaboration and Industry Chain Integration

Single companies can no longer optimize the entire value chain alone, making collaborative innovation and vertical integration essential. At the upstream level, leading CIS companies are strengthening partnerships with foundries and OSAT (outsourced semiconductor assembly and test) providers to accelerate the adoption of advanced process nodes, stacking technologies, and global shutter architectures. Open platform models are also emerging, where design houses co-develop solutions with EDA and IP vendors to shorten development cycles and improve customization. In the midstream, collaboration among sensor makers, lens suppliers, ISP vendors, and AI chip developers is deepening. Through joint optimization, these players work together to enhance image quality, computational efficiency, and application-specific tuning, which is critical for use cases such as automotive vision systems, diagnostic imaging devices, and industrial inspection tools. At the downstream level, more terminal device manufacturers are engaging in the early stages of sensor definition. By co-developing sensor specifications and interface standards with CIS providers, they ensure better system-level performance and faster time to market. This reverse-driven model is becoming the industry norm. Additionally, new application frontiers such as AI vision, low-power imaging, and 3D sensing are promoting the formation of cross-domain ecosystems. Companies from different segments are working together to integrate image capture, edge processing, and cloud analytics into unified solutions, accelerating the deployment of CIS in next-generation scenarios. The future of the global CIS industry will be shaped by collaborative ecosystems, vertically integrated supply chains, and platform-based innovation.

COMPETITIVE LANDSCAPE

1. Ranking of Global CIS Companies, by Industrial Imaging Revenue (2024)

Ranking	Company	Listing Status	Market Share by Industrial Imaging CIS Revenue, 2024
1	Company A[1]	Public	33.6%
2	Company B[2]	Public	18.2%
3	**The Company**	**Private**	**15.2%**
4	Company C[3]	Public	10.9%
5	Company D[4]	Public	6.3%
		Top 5 Subtotal	84.2%

Source: Annual Reports, Frost & Sullivan

Notes:

(1) Founded in 1946 and headquartered in Japan, the company is listed on the Tokyo Stock Exchange and is a global leader in CMOS image sensors widely used in consumer, automotive imaging, security, and industrial imaging applications.

(2) Founded in 1999 and headquartered in the USA, the company is listed on the NASDAQ and provides high-performance CMOS image sensors for automotive and industrial imaging applications.

(3) Founded in 1960 and headquartered in the USA, the company is listed on the NYSE and offers advanced CMOS and CCD image sensors for scientific, aerospace, and defense markets.

(4) Founded in 1995 and headquartered in Shanghai, it is listed on the Shanghai Stock Exchange and specializes in the design and sales of CMOS image sensors for consumer electronics, automotive, and industrial imaging applications.

2. Ranking of Global CIS Companies, by Scientific Imaging Revenue (2024)

Ranking	Company	Listing Status	Market Share by Scientific Imaging Revenue, 2024
1	Company C	Public	28.4%
2	Company E[1]	Public	17.6%
3	**The Company**	**Private**	**16.3%**
4	Company B	Public	5.5%
5	Company F[2]	Private	3.6%
		Top 5 Subtotal	71.4%

Source: Annual Reports, Frost & Sullivan

Note:

(1) Founded in 1953 and headquartered in Japan, the company is listed on the Tokyo Stock Exchange and specializes in scientific-grade CMOS sensors for medical imaging, industrial imaging, and scientific imaging applications.

(2) Founded in 2001 and headquartered in the United States, It is a CMOS sensor company specializing in medical imaging, industrial, and scientific imaging applications.

Entry Barrier Analysis

Research and Development Innovation Barrier

In the CIS industry, research and development innovation has emerged as a critical barrier due to the extensive scientific and engineering challenges involved in image sensor development and commercialization. It requires multi-years of development cycles from concept to production, entailing mask sets, prototype wafer spins, and reliability testing. Advanced pixel architectures and circuitry architectures demand deep expertise in device semiconductor physics, optics, and mixed-signal integration. Modern CIS also integrates on-chip image signal processors (ISPs) for functions like HDR merging and noise reduction, necessitating co-development of hardware and algorithms. Furthermore, navigating a landscape rich in patented technologies adds legal complexity and licensing costs.

Talent & Capital Barrier

In the CIS industry, the talent and capital barrier highlight the critical need for both specialized technical expertise and substantial financial resources. Leading-edge CIS development demands experienced multidisciplinary teams including device physicists, mixed-signal IC designers, process engineers, optics engineers, and image-algorithm specialists, recruiting such a team is often challenging due to the high demand, low supply. It is also important for such a team to work efficiently and keeping up with the tech trends.

The facts that tech giants and startups compete for scientists and engineers sets high salary expectations. For fabless companies, the capital barrier is significant due to high costs associated with R&D employees, and costs associated with expensive process development, software, photomask sets, prototype wafer runs, etc. Long time-to-market, slow adoption, and scaling production capacity also require robust liquidity reserves to cover operational expenses, raw material procurement, and mask set iterations. For fab-lite or IDMs, building or expanding CIS manufacturing capabilities requires hundreds of millions to billions of dollars in capital expenditure for clean-room facilities and specialized equipment. Without a robust talent pool and resilient financial backing, new entrants and smaller firms cannot absorb the high burn rates or attract the niche experts essential for successful CIS innovation and production.

Supply Chain Integration Barrier

The supply chain of CIS is highly dependent on the specialized semiconductor foundries, whose process can be customized for various pixel design performance with no compromise on analog, digital performance, quality, or reliability. The access to these foundries is dominated by giant companies, and normally associated with substantial upfront payment for process setup and fine-tune. CMOS image sensor wafers normally requires micro-lens array and color filters array which is processed on wafer level and handled by specialized color foundries. The finished wafers are then tested, packaged using methods such as WLCSP or ceramic packaging, which are normally handled by separated assembly facilities. The packaged sensors are then tested either in-house or outsourced to OSAT suppliers. Orchestrating this multi-tiered ecosystem demands robust logistics, quality control systems, and long-term contracts to ensure materials availability, yield consistency, and synchronized ramp-ups. New entrants lacking established relationships and coordination platforms struggle to secure timely supplies, negotiate favorable terms, and maintain end-to-end traceability, making supply-chain integration a formidable barrier.

Downstream Know-How Barrier

The CIS industry stems from the deep domain expertise required to integrate image sensors into diverse end-use systems. Leading suppliers not only supply raw CIS but also provide comprehensive support including tailored optical designs, ISP parameter adjustments, precision autofocus algorithms, and full-system calibration services, expertise that has been cultivated through extensive collaboration with OEMs in the smartphone, automotive, surveillance, and industrial markets. For instance, achieving reliable HDR performance in low-light security cameras, or calibrating color fidelity for medical diagnostics, demands proprietary test procedures, software toolchains, and application-specific validation protocols. New entrants lacking this specialized know-how must build multidisciplinary teams of optics engineers, firmware developers, and application specialists, and invest in reference designs, validation labs, and long-term pilot projects with OEMs. Without these capabilities, even technically sound CIS may underperform in real-world products, making downstream expertise a critical barrier to market acceptance.

Brand Recognition Barrier

The CIS industry is shaped by the long-standing reputations of established market leaders, whose sensor products have consistently demonstrated superior quality, reliability, and performance over decades of commercial deployment. OEMs and module makers prefer these established brands to minimize integration risks, ensure supply chain stability, and leverage proven support and firmware ecosystems. High-profile partnerships further reinforce customer trust, creating a virtuous cycle where brand strength drives broader adoption. New entrants face an uphill battle to gain credibility. They must invest heavily in marketing, secure pilot projects with marquee customers, and demonstrate long-term field reliability through rigorous certifications. Without recognized branding or customer endorsements, smaller or newer CIS suppliers struggle to penetrate design-in pipelines and achieve scale, making brand equity a critical barrier to entry.

SOURCE OF INFORMATION

In connection with the **[REDACTED]**, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare a market research report on the CMOS image sensor. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. The agreed fee paid to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report is RMB350,000. The payment of such amount was not contingent upon our successful **[REDACTED]** or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other market research report in connection with the **[REDACTED]**. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the CMOS image sensor market for potential **[REDACTED]**. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan's view on the future development of the CIS market.

In preparing the Frost & Sullivan Report, Frost & Sullivan has relied on its in-house database, independent third-party reports, and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices, and other relevant information. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct, and not misleading. Frost & Sullivan has independently analysed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the CMOS image sensor market. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: (i) the economy in the global range is likely to maintain stable growth in the next decade, and (ii) the CMOS image sensor market is expected to grow based on the macroeconomic assumptions of the economy. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.

PRC REGULATORY OVERVIEW

This section summarizes the main PRC laws, regulations and policies related to the Company's daily business activities currently conducted in the PRC.

Integrated Circuit Industry Related Policies

In June 2014, the State Council of the PRC (the "**State Council**") promulgated the Outline for Promoting the Development of the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), which stated that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. The main tasks and development priorities are to focus on the development of integrated circuit design industry by anchoring on the industrial chain of key areas to strengthen the collaborative innovation of integrated circuit design, software development, system integration, content and service, and to drive the development of manufacturing industry with the rapid growth of the design industry.

In November 2016, the State Council promulgated the Notice of the State Council on Printing and Distributing the "13th Five-Year" Plan for the Development of National Strategic Emerging Industries (《國務院關於印發"十三五"國家戰略性新興產業發展規劃的通知》), launching the major productivity arrangement and planning project for integrated circuits, implementing a number of projects with strong driving effects, thus to promote the leapfrogging development of industrial capabilities. The Notice also states to accelerate the construction of advanced manufacturing processes, memories, characteristic processes and other production lines, improve the design and development capabilities and application levels of key products such as safe and reliable CPUs, digital-to-analog/analog-to-digital conversion chips, and digital signal processing chips, and promote the rapid development of industries such as packaging and testing, key equipment and materials. Furthermore, the Notice supports to improve service level of OEM enterprises and third-party IP core enterprises, support collaborative innovation between design enterprises and manufacturing enterprises, and promote key links to increase industrial concentration, coupled with the promotion of collaborative innovation in semiconductor display industry chain.

On July 2020, the State Council announced Several Policies to Promote the High-quality Development of the IC Industry and the Software Sectors 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 the integrated circuit industry and software sectors, deepen international cooperation in the industry, and enhance the industrial innovation capability and development quality, launch a series of supporting fiscal and taxation, investment and financing, research and development, import and export, talents, intellectual property rights, market application and international cooperation policies.

In December 2020, the Ministry of Finance, the General Administration of Taxation, the Development and Reform Commission (the "**NDRC**"), and the Ministry of Industry and Information Technology (the "**MIIT**") jointly promulgated the Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》). According to the above provisions, key integrated circuit design enterprises and software enterprises encouraged by the PRC are exempted from enterprise income tax for the first year to the fifth year from the year of profitability and the tax rate is reduced to 10% for the succeeding years.

In March 2021, the National People's Congress ("**NPC**") adopted 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 Industrial innovation and development of integrated circuits, aerospace, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment.

In March 2021, the Ministry of Finance, the General Administration of Customs, and the State Administration of Taxation ("**SAT**") jointly promulgated the Notice of the Ministry of Finance, the General Administration of Customs, and the SAT's Support on Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (《財政部海關總署稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知》). Import behaviors that meet the circumstances listed in this regulation are exempted from import duties, and the implementation period is from July 27, 2020 to December 31, 2030.

In December 2021, the State Council issued the Notice of the State Council on Printing and Distributing "14th Five-Year Plan" for the Development of Digital Economy (《國務院關於印發"十四五"數字經濟發展規劃的通知》), which proposed that during the 14th Five-Year Plan period, key technological innovation capabilities shall be enhanced by targeting sensors, quantum information, network communications, integrated circuits, key software, big data, artificial intelligence, block-chain, new materials and other strategic forward-looking fields, giving full play to the advantages of national socialist system, new national system, and ultra-large-scale market, and improving basic research and development capabilities of digital technology; Moreover, the Notice proposed to optimize and innovate organizational methods such as "selecting the best candidates via open competition mechanism" by focusing on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthening 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 shall be improved, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet shall be improved.

In May 2022, the State Administration of Taxation issued the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (《軟件企業和集成電路企業稅費優惠政策指引》). In order to facilitate the understanding of the applicable preferential tax policies in timely manners, the above guidelines clarify the preferential treatment, enjoyment eligibility conditions and policy basis for integrated circuit enterprises. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

In April 2023, the Ministry of Finance and the SAT jointly promulgated the Notice of the Ministry of Finance and the SAT on the Value-added Tax Credit for Deduction Policy for Integrated Circuit Enterprises (《財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知》). From January 1, 2023 to December 31, 2027, Enterprises engaged in integrated circuit design, production, packaging and testing, equipment and materials will be allowed to deduct the value-added tax payable by 15% based on the current deductible input tax.

Laws and Regulations relating to Foreign Investment

The establishment, operation and management of Chinese business entities are regulated by the PRC Company Law. Limited liability companies and joint stock limited companies established in China are regulated by the PRC Company Law. Unless otherwise stipulated by foreign investment laws, foreign-invested companies are also regulated by PRC Company Law.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020, specifies the management system for pre-access national treatment and negative list for foreign investment in the PRC. "Pre-access national treatment" means that foreign investors and their investments shall be treated no less favorably than domestic investors and their investments at the stage of investment access; "negative list" refers to the special administrative measures for access of foreign investment in specific fields as prescribed by the PRC. The PRC gives national treatment to foreign investment outside the negative list. In addition, the Implementation Regulations of the

Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**") promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020 further stipulates that the state, according to the needs of national economic and social development, formulate a catalog of industries that encourage foreign investment, listing specific industries, fields, and regions that encourage and guide foreign investors to invest.

On September 6, 2024, the NDRC and the MOFCOM jointly revised and issued the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which will be implemented from November 1, 2024, replacing the previous Negative List. If a domestic company engaging in business prohibited in the Negative List offers shares and lists in an overseas market, such offering and listing shall be approved by relevant competent PRC authorities. Non-PRC investors must not participate in the operation and management of the company, and their shareholding percentage shall be subject to relevant provisions on the administration of domestic securities investment by Non-PRC investors.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by NDRC and MOFCOM on December 19, 2020 and effective from January 18, 2021, foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of such Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism's office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important sectors related to national security, while obtaining actual control over the invested enterprise.

Overseas Investment Related Regulations

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Overseas investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Overseas investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) which was issued by the NDRC on December 26, 2017 and implemented on March 1, 2018, an enterprise in the territory of the PRC (the "**Investor**") carrying out overseas investments shall undergo formalities including the examination or filing for an overseas investment project (the "**project(s)**"), report the relevant information, and cooperate in supervisory inspection. Sensitive projects conducted by Investors directly or through overseas enterprises controlled by them shall be subject to confirmation management. Non-sensitive projects conducted by Investors directly, namely, non-sensitive projects involving Investors' direct contribution of assets, equity or provision of financing or guarantees, shall be subject to filing management. The aforementioned sensitive projects include projects involving a sensitive country or region or a sensitive industry. The Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) promulgated by the NDRC and implemented on March 1, 2018, which listed out the sensitive industries for overseas investment in detail.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Management Policies for Direct Investments (《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》) promulgated by the State Administration of Foreign Exchange ("**SAFE**") on February 13, 2015 and effective from June 1, 2015, the foreign exchange registration approval for direct investments was canceled. Instead, banks directly review and handle foreign exchange registration for overseas direct investment. The SAFE and its branches exercise indirect supervision over the foreign exchange registration of overseas direct investment through banks.

Laws and Regulations relating to Cyber Security and Data Security

According to the National Security Law of the People's Republic of China (《中華人民共和國國家安全法》) promulgated and implemented by the SCNPC on July 1, 2015, national security refers to the state of national power, sovereignty, unity and territorial integrity, the relative absence in danger and freedom from any internal or external threat to the well-being of the people, the sustainable economic and social development of the economy and the state's other vital interests, as well as the ability to ensure a state of sustained security. The state establishes systems and mechanisms for national security review and supervision, and controls foreign investment that affect or may affect national security, specific items and key technologies, network information technology products and services, construction projects involving national security matters, and other major matters and activities, conduct national security reviews, and effectively prevent and resolve national security risks.

According to the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and implemented on June 1, 2017, the construction, operation of a network or the provision of services through a network shall, in accordance with the provisions of the laws, administrative regulations and the mandatory requirements of the national standards, adopt technical measures and other necessary measures to safeguard the safe and stable operation of the network, and to effectively respond to network security events, prevent illegal and criminal activities on the network, and maintain the integrity, confidentiality and availability of network data.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and implemented since September 1, 2021, our country has established a data classification and hierarchical protection system to implement classification and hierarchical protection of data. Data processing activities shall be conducted, in accordance with the provisions of laws and regulations, by establishing and improve a full-process data security management system, organizing data security education and training, and adopting corresponding technical measures and other necessary measures to ensure data security.

Laws and Regulations Relating to Intellectual Property

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) (the "**Patent Law**") promulgated by the SCNPC on March 12, 1984, and latest revised on October 17, 2020 and effective on June 1, 2021, as well as the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) by the State Council promulgated on June 15, 2001, and latest revised on December 11, 2023 and effective on January 20, 2024. Patents are divided into three types: invention, utility model and design. The term of invention patent right is twenty years, ten years for utility model patent, and fifteen years for design patent right, all of which are calculated from the date of application. After the patent right of invention and utility model is granted, unless otherwise stipulated in the Patent Law, no unit or individual may implement its patent without the permission of the patentee; After the design patent right is granted, no unit or individual may implement its patent without the permission of the patentee, that is, it may not manufacture, offer to sell, sell or import its design patent products for production and business purposes.

Trademark

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and latest revised on April 23, 2019 and effective on November 1, 2019, and the Implementation Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, and latest revised on April 29, 2014 and effective on May 1, 2014, trademarks approved and registered by the trademark office are registered trademarks, and trademark registrants enjoy the exclusive right to use trademarks and are protected by law. A registered trademark is valid for ten years from the date of approval of registration.

Copyright

According to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, and latest revised on November 11, 2020 and effective June 1, 2021, and the Implementation Regulations of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, and latest revised on January 30, 2013 and effective March 1, 2013, works of Chinese citizens, legal persons or unincorporated organizations, whether published or not, enjoy copyright in accordance with the law. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form. The copyright owner enjoys a number of personal rights and property rights, including the right of publication, authorship and modification.

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001, and latest revised on January 30, 2013 and effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, computer software refers to computer programs and related documents. Chinese citizens, legal persons or other organizations, whether published or not, enjoy the copyright of the software they develop. Software copyright arises from the date of completion of software development. The term of protection for software copyright owned by a legal person or other organization is 50 years, expiring on December 31 of the 50th year following the first publication of the software. However, if the software has not been published within 50 years since its completion, it is no longer protected.

Integrated Circuit Layout Design

According to 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**") promulgated by the State Council on April 2, 2001 and came into effect on October 1, 2001, layout designs created by natural persons, legal persons or other organizations in China enjoy exclusive rights to layout designs in accordance with the "Protection Regulations". The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Protection Regulations. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration of the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Protection Regulations 15 years after the date of completion of the design.

Domain Name

In accordance with the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) which was promulgated by the MIIT on 24 August 2017 and came into effect on 1 November 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. No organization or individual may interfere with the safe and stable operation of the Internet Domain Name System.

Regulations Relating to House Leasing

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on 5 July 1994, last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record.

In addition, according to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), promulgated by Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, Within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people's government of the municipality, city or county where the leased housing is located to register and file the housing lease. If an individual or entity violates the above provisions, the competent construction (real estate) departments of the people's governments of the municipalities directly under the central government, cities and counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

Laws and Regulations Relating to Production Quality

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 last amended on December 29, 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks is prohibited; falsifying the place of origin of product, and falsifying or imitating the name or address of another factory is prohibited; adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

Laws and Regulations Relating to Import and Export Trade

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and last amended December 30, 2022, and the Regulations of the People's Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, last amended on March 10, 2024, and came into effect on May 1, 2024, unless provided in laws and administrative regulations that the import or export of goods are forbidden or restricted, no entity or individual may establish, maintain prohibitive or restrictive measures over the import and export of goods.

Pursuant to the Export Control Law of the People's Republic of China (《中華人民共和國出口管制法》) which was promulgated by the SCNPC on October 17, 2020, and came into effect on December 1, 2020. The State's export control on dual-use items, military products, nuclear and other goods, technologies, services and other items related to the protection of national security and interests or the fulfillment of international obligations, such as nonproliferation. The State's export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly release the same. The State's export control authorities may, in light of the needs of protecting national security and interests and fulfilling non-proliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, impose temporary export control over goods, technologies and services which are not on the export control list, and make announcements thereof.

According to the Regulations of PRC Customs on Administration of Recordation of 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 on 19 November 2021 and effective on 1 January 2022, the consignee, consignor or customs declaration enterprise of imported or exported goods only needs to apply to the customs for filing, and no longer needs to register with the General Administration of Customs. The filing information will be made public through the China Customs Enterprise Import and Export Credit Information Publicity Platform.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, the requirement that foreign trade operators engaged in the import and export of goods or technologies must go through filing and registration with the competent foreign trade department of the State Council or its authorized authority is abolished.

Laws and Regulations Relating to Labor and Social Security

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was last amended by the SCNPC on December 29 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was last amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, a labor contract shall be concluded to establish a labor relationship. Employers shall establish and improve labor rules and regulations according to law to ensure that laborers enjoy labor rights and fulfill labor obligations.

Social Insurance and Housing Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was last amended and implemented by the SCNPC on December 29, 2018, and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條 例》) which was last amended and implemented by the State Council on March 24, 2019, social insurance systems such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance have been established. Any premium paying entity shall carry out social insurance registration at the local social insurance agency and participate in social insurance. Employers and individuals shall pay social insurance premiums timely in full amount.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was last amended and implemented by the State Council on March 24, 2019, The employer shall process housing provident fund payment and deposit registrations with the housing provident fund administration center, and go through the procedures for establishing housing provident fund accounts for their employees. The employer shall timely pay up and deposit housing provident fund contributions in full amount.

Laws and Regulations Relating to Tax

Enterprise Income Tax

According to the Enterprise Income Tax Law (《企業所得稅法》) and relevant implementing regulations, the unified enterprise income tax rate is 25%. However, if a non-resident enterprise has not established an institution or place in China, or if it has established an institution or place but the income obtained has no actual connection with the institution or place it has established, it shall pay enterprise income tax at the rate of 10% on its income originating in China.

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was promulgated by the SCNPC and last amended and implemented on December 29, 2018, and the Implementation Rules to the EIT Law (《中華人民共和國企業所得稅法實施條例》) which was promulgated by the State Council and last amended on December 6, 2024 and implemented on January 20, 2025, enterprise income tax of 25% is uniformly levied on foreign-invested enterprises and domestic-invested enterprises, and tax incentives are granted to special industries and projects. Eligible small and low-profit enterprises are subject to corporate income tax at a reduced rate of 20%. High-tech enterprises that need to be supported by the Chinese government are subject to corporate income tax at a reduced rate of 15%.

Value Added Tax ("VAT")

According to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council and lately revised and implemented on November 19, 2017 and the Interim Regulations of the People's Republic of China 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 and lately revised on October 28, 2011 and came into effect on November 1, 2011, units and individuals who sell goods, provide processing, repair and repair services or import goods in China are taxpayers of VAT and are required to pay VAT. Unless otherwise specified, taxpayers who sell or import goods, and provide processing, repair and repair services within China, are subject to a tax rate of 17%, and in some specific cases, 11%, 6% and 0%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018 and implemented on May 1, 2018, if taxpayers engage in VAT taxable sales or import goods, with the original applicable tax rates of 17% and 11%, the tax rates will be adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, if general VAT taxpayers have VAT taxable sales or imported goods, with the original applicable tax rate of 16%, the tax rate will be adjusted to 13%; and where the original 10% tax rate is applicable, the tax rate will be adjusted to 9%.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) ("**Value-added Tax Law**"), which will come into effect on January 1, 2026. The Interim Regulations on Value-added Tax Law of the People's Republic of China (《中華人民共和國增值稅暫行條例》) will be abolished at the same time. According to the Value-Added Tax Law, units and individuals (including individual industrial and commercial households) who sell goods, services, intangible assets, real estate, and import goods within the territory of China are taxpayers of VAT and shall pay VAT in accordance with the provisions of the Law. Unless otherwise specified, taxpayers sell goods, processing, repair and repair services, tangible movable property leasing services and import goods, the tax rate is 13%, and in some specific cases, 9%, 6% and 0%.

Laws and Regulations Relating to Foreign Exchange

According to the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) recently revised by the State Council on August 5, 2008, the regulations apply to the foreign exchange receipts and payments or foreign exchange business activities of domestic institutions and domestic individuals, as well as the foreign exchange receipts and payments or foreign exchange business activities of overseas institutions and foreign individuals in China.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange for 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》) promulgated by the State Administration of Foreign Exchange on December 26, 2014, the State Administration of Foreign Exchange and its branches and the Foreign Exchange Administration Department shall supervise, manage and inspect the business registration, account opening and use, cross-border receipts and payments, fund exchange and other activities involved in overseas listing of domestic companies. Domestic companies shall apply for overseas listing registration with the foreign exchange bureau at their place of registration within 15 working days of the completion of the overseas listing and issuance, submitting the relevant materials.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Administrative Policies of Capital Account Foreign Exchange Settlement (《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》) promulgated by the State Administration of Foreign Exchange on June 9, 2016, the relevant policies have clearly implemented the foreign exchange income of capital account (including foreign exchange capital, foreign debt funds and funds transferred back from overseas listing, etc.) that are willing to settle foreign exchange can be handled in banks according to the actual business needs of domestic institutions. If the current laws and regulations have restrictive provisions on the settlement of foreign exchange income from capital account of domestic institutions, such provisions shall prevail.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management 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》) promulgated by the State Administration of Foreign Exchange on April 10, 2020, on the premise of ensuring that the use of funds is true and compliant and complies with the current regulations on the management of capital account income use, qualified enterprises are allowed to use capital account income such as capital, foreign debt and overseas listing for domestic payment without providing authenticity certification materials to banks on case-by-case basis in advance.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reforms and Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the State Administration of Foreign Exchange on December 4, 2023, foreign exchange funds raised by overseas listings of domestic enterprises can be directly deposited into capital account settlement accounts, the funds in the capital account settlement accounts can be used independently for foreign exchange settlement.

Laws and Regulations Relating to Overseas Securities Issuance and Listing by Domestic Enterprises

Laws and Regulations on Securities

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**Securities Law**"), which was lately revised by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, which comprehensively regulates the activities of domestic securities market in PRC, including securities issuance and trading, acquisition of listed companies, information disclosure, investor protection, securities trading venues, securities companies, securities registration and clearing institutions, securities service institutions, securities industry associations and securities regulatory agencies, among others. The Securities Law further stipulates that when domestic enterprises directly or indirectly issue securities overseas or list their securities overseas, they shall comply with the relevant regulations of the State Council. Where domestic company stocks are subscribed and traded in foreign currencies, specific measures shall be stipulated by the State Council, separately. CSRC is a securities regulatory agency established by the State Council, which is responsible for supervising and managing the securities market according to law, maintaining market order and ensuring the legal operation of the market.

Overseas Listing

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 "**Trial Measure**") and related guidelines, which will take effect on March 31, 2023. According to the Trial Measures, if an enterprise in China directly or indirectly issues or lists shares overseas, it shall file with the CSRC within 3 working days upon submitting the application documents for issuance and listing overseas; if any of the following circumstances applies: where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations or relevant state rules; where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; where the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; or where there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) ("**Provisions on Strengthening Confidentiality and Archives Administration**") jointly promulgated by CSRC and other relevant departments on February 24, 2023 and came into effect on March 31, 2023, in the course of domestic enterprises issuing securities and listing overseas, domestic enterprises and securities companies providing corresponding services shall strictly abide by the relevant laws and regulations of the People's Republic of China and the requirements of the Provisions on Strengthening Confidentiality and Archives Administration, to enhance legal awareness of protecting state secrets and strengthening archive management, and to establish and improve confidentiality and archive work systems, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic company that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing. Domestic enterprises shall strictly follow the relevant national regulations and procedures when providing or publicly disclosing documents or information that may have an adverse impact on national security or public interest to relevant securities companies, securities service institutions, overseas regulatory agencies, and other entities and individuals, or when providing or publicly disclosing such documents or information through their overseas listed entities.

RELEVANT LAW AND REGULATIONS IN JAPAN AND BELGIUM

This section sets forth a summary of the laws and regulations which are applicable to our Group's business in Japan and Belgium. Information contained in this section should not be construed as a comprehensive summary of the laws and regulations applicable to our Group.

A. Japan

In Japan, businesses operating in specific industries, such as telecommunications, railways, food manufacturing and transportation, require administrative permits, approvals, filings and registrations from the competent authorities. However, there are no prohibitions or restrictions on the import and export, wholesale, mold design and technology development of electronic components in the laws and regulations.

Under the *Foreign Exchange and Foreign Trade Act* (Law No. 228 of 1949, the "**Foreign Exchange Act**"), foreign investment is restricted in certain industries, and the export of certain products and technologies from Japan is also regulated. Under the *Customs Act* (Law No. 61 of 1954), the import and export of some products are restricted. If involved, Gpixel Japan must complete corresponding procedures.

Companies Act

The *Companies Act* (Law No. 86 of 2005) stipulates matters related to the establishment, organization, operation, and management of companies. The types of companies to which this law applies include joint-stock companies, partnership companies, limited partnerships and limited liability companies. This law primarily stipulates rules related to corporate organization and governance, including company establishment, organizational structure design, shareholders' meetings, directors, supervisors, boards of directors, supervisory boards, finance, dividends, accounting audits and organizational restructuring.

Foreign Exchange and Foreign Trade Act

(1) Investment Restrictions on Foreign Investors

Under the Foreign Exchange Act (Law No. 228 of 1949), investment activities of foreign investors (including non-resident individuals, foreign corporations, and Japanese subsidiaries in which foreign corporations hold a majority of voting rights) are subject to a regulatory regime, aiming at safeguarding national security and economic stability. The summary is as follows:

a. Regulated investment activities include: acquisition of 1% or more of shares in a listed company, acquisition of shares in an unlisted company, consent of a foreign investor or its related party serving a director or auditor, proposals or agreements regarding the transfer or discontinuation of business operations in industries subject to prior review.

b. Prior review: Investment activities in government-designated industries related to public health and order, such as national security, critical infrastructure, key technologies, food, pharmaceuticals, subject to prior review.

c. Post-investment reporting: Investment activities in non-designated industries and investment activities qualifying for reporting exemptions subject to post-investment reporting.

d. Major regulated industries include: security-related industries such as weapons, aviation and space development; critical infrastructure such as electricity, gas, water supply and communications; advanced technology such as cybersecurity and semiconductors; important material supply-related industries such as pharmaceuticals, vaccines, and agriculture, forestry and fisheries; and information technology services.

(2) Export Controls under the Foreign Exchange Act

The export control system under the Foreign Exchange Act is designed to prevent the proliferation of weapons of mass destruction and conventional weapons, curb the transfer of advanced technologies to terrorist organizations and hostile countries, and safeguard national security. The summary is as follows:

a. List-based controls: Strategic goods specified in appendix 1 of the Export Trade Control Order, including weapons, dual-use items and advanced technologies are subject to regulation.

b. Catch-all controls (supplementary export controls): Even for goods or technologies not listed, control is required if there is suspicion of intended use in weapons of mass destruction or weapons development, or the transactions involve countries of concern, organizations of concern, terrorists, etc.

c. Regulated activities include: export of goods, provision of technology, intermediary transactions, re-export, etc.

d. Destination-based controls: Comprehensive embargoes may apply to specific countries/regions under UN Security Council resolutions or Japan's unilateral sanctions. Extra scrutiny is required for transactions involving listed entities.

Commercial Code

The *Commercial Code* (Law No. 48 of 1899), as a special law supplementing the *Civil Code*, establishes substantive rules governing commercial transactions. It applies to merchants (including corporations and individuals) concerning business operations, commercial acts and other mercantile matters. Its main contents include: rules on commercial acts, commercial books and accounting obligations, agents, wholesalers, forwarding agents and matters related to maritime commerce, etc.

Civil Code

Under Japan's *Civil Code* (Law No. 89 of 1869), a contract is formed through the expression of "offer" and "acceptance." Contracting parties are generally free to determine their terms, which take precedence over the *Civil Code*'s provisions. However, certain contracts are subject to mandatory rules under the *Consumer Contract Act* (Law No. 61 of 2000) and other laws.

Additionally, the Japan's *Civil Code* stipulates that a person who intentionally or negligently infringes upon another's rights or legally protected interests shall be liable for compensation for damages. It also provides for employer liability, such as when an employee causes damage to a third party in the course of performing their duties, the employer, in principle, shall bear the liability for compensation for damages. However, employers may be exempt if they can prove that they exercised reasonable care in selecting and supervising the employee, or the damage would have occurred even with due diligence.

Subcontract Act

The *Act on Prevention of Unfair Practices in Subcontracting Transactions* (Law No. 120 of 1956) aims to prevent contracting enterprises from imposing unreasonable trading conditions on subcontracting enterprises (small and medium-sized enterprises), delaying or reducing payments, ensuring the fairness and equality of subcontracting transactions. The summary is as follows.

a. Applicable parties: contracting enterprises and subcontracting enterprises that meet specific registered capital requirements.

b. Covered transactions: transactions such as manufacturing consignment, repair consignment, information product consignment and labor provision consignment.

c. Obligations of contracting enterprises include: written delivery obligation, subcontract payment obligation, obligation to create and preserve books and prohibition of improper conduct.

d. Main prohibited conducts include: delayed payment, unilateral price reduction, improper returns, price cuts and refusal to pay, etc.

Labor Laws

The *Labor Law* (Law No. 49 of 1947) was enacted based on basic principles (the protection of right and duty to work, workers' association rights, collective bargaining rights and dispute rights) stipulated in the Constitution to protect workers' interests, ensure fair labor-management relations and promote healthy working environments. Key relevant regulations are as follows:

a. Basic law (*Labor Standards Act*) (Law No. 49 of 1947): It stipulates the minimum standards of labor conditions, including working hours, rest, holidays, wages, overtime pay, restrictions on dismissal, principles of labor contracts and the protection of minors and women.

b. Labor relations laws (such as the *Trade Union Act* (Law No. 174 of 1949) and *Labor Relations Adjustment Act* (Law No. 25 of 1946)): They stipulate the rules of labor-management relations and protect collective bargaining and trade union activities.

c. Labor insurance and welfare-related laws (such as the *Workers' Compensation Insurance Act* (Law No. 50 of 1947), *Employment Insurance Act* (Law No. 116 of 1974) and *Labor Safety and Health Act* (Law No. 57 of 1972)): They aim to ensure the safety, health and livelihood of workers.

Intellectual Property

In Japan, intellectual property refers to the results produced through human creative activities, including inventions, utility models, designs, literary and artistic works and other results derived from the discovery or clarification of natural laws or phenomena with the possibility of industrial application; it also includes trademarks, trade names and other marks used to identify goods or services in commercial activities, as well as trade secrets and other technical or operational information of practical value to commercial activities. Patent rights, utility model rights, plant variety rights (breeder's rights), design rights, copyrights, trademark rights and other intellectual property rights stipulated by law or interests that should be protected by law, are all protected by law.

In Japan, intellectual property is primarily protected under the following laws:

(1) *Patent Act* (Law No. 121 of 1959): It protects inventions, with a protection period of 20 years from filing date (extendable to 25 years under specific circumstances).

(2) *Utility Model Act* (Law No. 123 of 1959): It protects utility models concerning the shape of objects, with a protection period of 10 years from filing date.

(3) *Design Act* (Law No. 125 of 1959): It protects designs of products, buildings and images, with a protection period of 25 years from filing date.

(4) *Copyright Act* (Law No. 48 of 1970): It protects literary, academic, artistic, musical and programmatic works, with protection lasting for 70 years after the death of the natural person creator; protection lasts for 70 years from the date of publication for works created by legal persons; and protection lasts for 70 years from the date of publication for cinematographic works.

(5) *Semiconductor Integrated Circuit Layout-Design Act* (Law No. 43 of 1985): It protects the use of semiconductor integrated circuit layout-designs, with a protection period of 10 years from the date of registration.

(6) *Trademark Act* (Law No. 127 of 1959): It protects marks used for goods and services, with a protection period of 10 years from the date of registration (renewable).

(7) *Unfair Competition Prevention Act* (Law No. 47 of 1993): It regulates unfair competition, including the disclosure of trade secrets and the misappropriation of proprietary technology.

B. Belgium

Below is a summary of material Belgian laws and regulations applicable to our business operations in Belgium.

Companies and Associations Code

The *Companies and Associations Code of March 23, 2019* stipulates matters related to the establishment, corporate organization, management and restructuring of companies, associations, foundations and other legal entities. The types of companies to which this law applies include public limited liability companies (in Dutch: *naamloze vennootschap*, '*NV'*/in French: *société anonyme*, '*SA*') such as Gpixel Belgium.

This law primarily stipulates rules related to corporate organization and governance, including company establishment, organizational structure design, shareholders' meetings, management body (i.e. board of directors and/or supervisory board), statutory auditor, annual accounts, profit distributions and organizational restructuring. The governance structure of Gpixel Belgium is defined by its articles of association and this law.

FDI Screening Mechanism and EU FDI Regulation

Belgium has implemented a foreign direct investment (FDI) screening mechanism through an *Inter-Federal Collaboration Agreement of November 30, 2022*, effective as of July 1, 2023, which allows the government to review and, if necessary, restrict or prohibit foreign investments in Belgian companies that are active in certain sensitive sectors. The screening regime is designed to protect national security, public order, and strategic interests, and is aligned with the EU FDI Screening Regulation (Regulation (EU) 2019/452).

Gpixel Belgium's activities in the design and manufacture of CMOS image sensors (semiconductors) mean that it will likely fall within the scope of sectors subject to Belgian FDI screening. Any acquisition of a significant stake in Gpixel Belgium by a non-EU investor (typically the acquisition of control, or the acquisition of 25% or more of voting rights, or 10% for ultra-sensitive sectors) would likely trigger a notification and potential review under the Belgian FDI screening regime. Given Gpixel Belgium's upstream corporate ownership, the Belgian FDI screening regime could equally apply in case of an acquisition by Gpixel Belgium of a stake in a Belgian company.

Civil Code

The Belgian *Civil Code* is the principal legislative framework governing private law relationships in Belgium. Recently modernized, it consolidates and updates the rules on persons, family law, property, inheritance, contracts, extra-contractual liability, and evidence. The Code applies to all individuals and legal entities, including companies such as Gpixel Belgium, and provides the legal foundation for matters such as ownership, contractual obligations, liability, and succession. Notably, for certain matters and contracts entered into before the entry into force of the new Books, the provisions of the old Civil Code may still apply, resulting in a period where both the old and new rules coexist. The new Code is being phased in, with several Books already in force and others scheduled for future implementation. For the above reasons, the provisions of the old Civil Code remain relevant.

Code on Economic Law

The *Code on Economic Law of February 28, 2013* is the principal legislative framework governing economic activities in Belgium. It consolidates and modernizes a wide range of commercial, consumer protection, competition, intellectual property, and market practices laws. This law applies to all undertakings operating in Belgium, including companies like Gpixel Belgium, and covers a broad spectrum of topics relevant to their operations.

Product Warranties under the Civil Code

Articles 1602 to 1649nonies of the (old) Civil Code regulate the seller's obligations (including the statutory warranties and liability for hidden defects in good sold in Belgium). All contracts entered into by Gpixel Belgium, including with suppliers, customers, and partners, are governed by Belgian law unless otherwise specified.

Pursuant to Article 1641 of the (old) Civil Code, the seller bears an obligation to deliver a product free from "hidden" defects. The hidden defects warranty and liability apply to both consumers and professional purchasers.

The seller of a product must warrant it and may be held liable — for a hidden defect where such defect is not apparent (i.e. it cannot be detected through a normal, yet prudent examination by the purchaser upon delivery, taking into account the nature of the good sold and the capacity of the buyer), renders the product unfit for the use for which it is intended or diminishes the usefulness of the product to such a point that the purchaser would not have acquired it or would have paid a lower purchase price if he had been aware of the defect. However, according to Article 1642 of the Belgian Civil Code, a seller is not to warrant and is not to be held liable for visible defects, neither for defects that the buyer was aware of or should have been aware of, once the product has been delivered to and accepted by the latter.

Under Belgian law, limitation (or exclusion) of seller's warranty and/or liability for hidden defects may not be upheld in court because of the presumption of bad faith on the part of the professional seller (by which is meant that a professional vendor is deemed to have known of the existence of the defect). Pursuant to Article 1643 of the (old) Belgian Civil Code, such liability and warranty for hidden defect can only be contractually excluded if the seller was acting in good faith, i.e. if he can prove that he could not have had knowledge of such defect. In any case, the seller may specify the terms of the warranty for hidden defects in the contract (e.g. time limits, remedies, etc.).

Articles 1649bis to 1649octies of the *(old) Belgian Civil Code* apply to the sale of consumer goods by a professional vendor to consumers buying for private use and provide for a statutory warranty of two years.

Product Regulations

(1) Product Safety

The EU General Product Safety Directive (2001/95/EC) imposes a general safety obligation on all products placed on the EU market for consumers. Gpixel Belgium, as a manufacturer and distributor of electronic components, must ensure its products are safe. Belgium has implemented the European Directive 2001/95/EC on general product safety in book IX of the above-mentioned Code on Economic Law.

(2) Product Specific CE-Marking Regulations

Gpixel Belgium must perform conformity assessments, maintain technical documentation, and affix the CE-marking before placing products on the EU market. Full compliance of a product with the harmonized EU standards in legislation gives the product the presumption of conformity with the relevant and essential EU safety, health, and environmental protection requirements.

Gpixel Belgium's CMOS image sensors and related products fall within the scope of at least the following CE-marking EU directives which have been implemented into Belgian law:

- Directive (2014/35/EU) relating to electrical equipment designed for use within certain voltage limits;
- Directive (2014/30/EU) relating to electromagnetic compatibility;
- Directive (2011/65/EU) on the restriction of the use of certain hazardous substances in electrical and electronic equipment (as amended from time to time);
- Directive (2012/19/EU) on waste electrical and electronic equipment;
- Directive (2009/125/EC) establishing a framework for the setting of ecodesign requirements for energy-related products.

(3) Product Liability Act

The regime of liability for defect products in Belgium is a result of the implementation of the EU Defective Product Directive 85/374/EEC, pursuant to which a manufacturer of a defective product must compensate injured persons for damage caused by the defect in the product.

The Product Liability Act of February 25, 1991 established an objective liability regime. This means that the liability can be established without the victim having to prove an error on the part of the manufacturer, provided that the victim proves the existence of a defect, a damage and the causal link between them. Meanwhile, the principles of this law have been integrated Book 6 of the Civil Code.

Intellectual Property

Gpixel Belgium's activities in developing and commercializing CMOS image sensors mean that IP protection is central to its business. The company holds several patents (including Japanese, US, and European patents) and is subject to the provisions of book XI in the above-mentioned Code on Economic Law, which govern the registration, enforcement, and protection of these rights.

The Code on Economic Law also covers software and design rights, which may be relevant to Gpixel Belgium's technology and product development.

Labor and Social Security

All labor relationships in Belgium are governed by the *Labor Act of March 16, 1971* and the *Act on Employment Contracts of July 3, 1978*. Gpixel Belgium must amongst others comply with various other Belgian labor laws such as the *Code on Wellbeing at Work* (as amended from time to time). In addition, in Belgium, commercial and industrial activities are divided into categories ("**sectors**"). Each sector has its own "Joint Committee" in which both the sector's employers and employees are equally represented. The Joint Committee enacts collective bargaining agreements (ranging from pension arrangements over working time arrangements to how to set up representative bodies) that are binding on all employees in that particular sector. Gpixel Belgium is affiliated to the Auxiliary Joint Committee 200 for white-collar employees.

Moreover, employers in Belgium must register with the social security authorities and both employees and employers need to pay social security contributions. These obligations are mostly governed by the *Act of 27 June 1969 revising the Decree-Law of 28 December 1944 on the social security of employees ('**NSSO-Act**')* and administrative instructions by the National Social Security Office.

Customs, Trade and Taxation

As Belgium is an EU Member State, all imports and exports by Gpixel Belgium are in principle subject to the *EU Customs Code (Regulation (EU) No 952/2013)*, which harmonizes customs procedures and duties across the EU. Intra-EU trade is duty-free; imports from outside the EU (e.g., from China) are subject to customs duties and import VAT.

Gpixel Belgium, as a Belgian resident company, is subject to Belgian corporate income tax on its worldwide income, for which the Belgian Income Tax Code applies.

U.S. EXPORT CONTROL

In general, the BIS controls the export, reexport, and transfer (in-country) of commodities, software and technology (collectively, "**Items**") subject to the *Export Administration Regulations* (the "**EAR**"). Items subject to the EAR include the following:

(i) All items in the United States, including in a U.S. Foreign Trade Zone or moving in transit through the United States from one foreign country to another;

(ii) All U.S. origin items wherever located;

(iii) Non-U.S.-made commodities that incorporate controlled U.S.-origin commodities, non-U.S.-made commodities that are 'bundled' with controlled U.S.-origin software, non-U.S.-made software that is commingled with controlled U.S.-origin software, and non-U.S.-made technology that is commingled with controlled U.S.-origin technology which exceeds a certain threshold ("**De Minimis Rule**"); and

(iv) Certain non-U.S.-produced "direct products" of specified "technology" and "software"; and certain non-U.S.-produced products of a complete plant or any major component of a plant that is a "direct product" of specified "technology" or "software" (Foreign Direct Product Rule, "**FDP rule**")

For items subject to the EAR under different circumstances, the scope of control corresponding to the end-user, end-use, destination, etc., may be different and need to be judged on a case-by-case basis. If certain transactions or actions are controlled under the EAR, a license or license exception will be necessary. The EAR administered by the BIS is frequently revised and updated. We have listed the major developments in recent years below for reference. It should be noted that all the following amendments will be incorporated into the EAR upon their effective date. The core logic of the EAR remains as described above, which involves controlling the export, re-export, or in-country transfer of items subject to the EAR. The following amendments mainly refine and strengthen the relevant control details.

On October 7, 2022, BIS released an interim final rule (the "**2022 IFR**") aimed to restrict the PRC's ability to both purchase and manufacture certain high-end chips used in military applications and build on prior policies, company-specific actions, and less public regulatory, legal, and enforcement actions taken by BIS.

The 2022 IFR addressed U.S. national security and foreign policy concerns in two key areas. First, the rule imposed restrictive export controls on certain advanced computing semiconductor chips, transactions for supercomputer end-uses, and transactions involving certain entities on the Entity List. Second, the 2022 IFR imposed new controls on certain semiconductor manufacturing items and on transactions for certain integrated circuit end uses.

On October 17, 2023, BIS published two interim final rules (the "**2023 IFR**") designed to update export controls on advanced computing semiconductors and semiconductor manufacturing equipment, as well as items that support supercomputing applications and end-uses, to arms embargoed countries, including the PRC, and to place additional related entities in the PRC on the Entity List. The 2023 IFR reinforced the 2022 IFR controls to restrict the PRC's ability to both purchase and manufacture certain high-end chips critical for military advantage.

On December 2, 2024, BIS published a new interim final rule (the "**2024 IFR**") to further impair the PRC's capability to produce advanced-node semiconductors that can be used in the next generation of advanced weapon systems and in artificial intelligence (AI) and advanced computing, which have significant military applications.

In addition to the restrictions introduced by the IFRs, BIS maintains lists of persons or entities that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons or entities on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in the PRC, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

SANCTIONS LAWS AND REGULATIONS

Set out below is a summary of the sanctions regimes imposed by the U.S., the United Nations, the European Union, the United Kingdom and its overseas territories, and Australia. This summary does not set out the laws and regulations relating to the U.S., the United Nations, the European Union, the United Kingdom and Australian sanctions in their entirety.

United States

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. Economic sanctions maintained by the U.S. government could be categorized into "primary" sanctions and "secondary" sanctions. "Primary" sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens, regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea, and the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote nonproliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are 10 monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Target and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Targets.

United Kingdom

UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 (the "**UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The United Kingdom is no longer an EU member state as of January 1, 2021. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs through regulations setting out the specific measures under each UK sanctions regime.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

OVERVIEW

Our founder, Dr. Wang, has been dedicated to the field of CMOS image sensors development since his postgraduate studies. He has accumulated over 16 years of academic research and work experience in the field through overseas studies and employment at renowned international enterprises. For further details regarding Dr. Wang, please see "Directors and Senior Management" in this document.

Our history dated back to September 2012. In response to market demand of high-performance CMOS image sensors, Dr. Wang established the Company in Changchun, China in 2012 with two other Shareholders, namely UP OPTOTECH and Luster, in accordance with the PRC Company Law.

Since then, we have made substantial progress and have grown into a global leading provider of high-performance CMOS image sensors, focusing on the research and development of high-performance CMOS image sensors, offering nine major product series applicable to wide spectrum of advanced technology fields, including industrial imaging, scientific imaging, professional photography and video, and medical imaging solutions.

In an effort to recruit high-quality R&D personnel and to further strengthen our international marketing layout, we established subsidiaries in Japan and Belgium in 2016 and 2018, respectively.

Following the capital increase and shareholding change as detailed below, we were converted into a joint stock limited liability company under the PRC law on December 26, 2022.

KEY MILESTONES

The table below sets out the key milestones:

Year	Milestone/Event
2012	The Company was established in September 2012
2015	Launched the world's first backside-illuminated scientific-grade CMOS image sensor at that time, GSENSE400BSI
2016	Established our first overseas wholly-owned subsidiary in Japan

Year	Milestone/Event
2018	Released the charge-domain global shutter CMOS image sensors in GMAX series, featuring multiple pixel sizes such as 2.5μm, 3.2μm and 4.6μm, based on 65nm process, launched products including the world's smallest global shutter pixel of 2.5μm at that time
	Established our second overseas subsidiary in Belgium
2020	Launched the GSPRINT series, our first global shutter CMOS image sensor for high-speed imaging applications
2021	Launched the global shutter CMOS image sensor GMAX32152 with a resolution of 152 MP, the highest resolution known for global shutter CMOS image sensors in the market at that time
	Obtained the First Prize of the Jilin Provincial Science and Technology Award (吉林省科學技術一等獎) for our project "Advanced Manufacturing and Application of High-Performance CMOS Image Sensors" (高性能CMOS圖像傳感器先進製造及應用)
	Included in the National List of Encouraged Key Integrated Circuit Design Enterprises (國家鼓勵的重點集成電路設計企業清單) for the first time and were reselected for the list in 2022, 2023 and 2024
2022	Honored as Jilin Provincial "Specialized, Refined, Unique, and Innovative" SMEs (吉林省省級"專精特新"中小企業)
	Honored as a National-Level Specialized, Refined, Unique, and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業)
2023	Granted the AEO Certification from Changchun Customs
	Honored as an "Outstanding Private Enterprise of Jilin Province" (吉林省優秀民營企業)
	Honored as Zhejiang Provincial "Specialized, Refined, Unique, and Innovative" SMEs (浙江省"專精特新"中小企業)
2024	Named as one of the first batch of provincial-level single-product manufacturing champions in Jilin Province (吉林省首批省級製造業單項冠軍企業)

Year	Milestone/Event
	Designated as National Key "Little Giant" Enterprise (國家重點"小巨人"企業)
2025	Launched the GXS series products, marking the Company's expansion into the medical imaging field
	Launched the GIR series, which comprised of two products as of the Latest Practicable Date, providing short-wave infrared detection ability

OUR CORPORATE DEVELOPMENT

(1) Establishment of the Company in September 2012

The Company was established in China on September 3, 2012, with an initial registered capital of RMB20 million. Of the RMB20 million, UP OPTOTECH subscribed for RMB10 million in cash; Dr. Wang subscribed for a total of RMB6.00 million, consisting of (i) RMB5.40 million through the contribution of appraised assets relating to a proprietary technology and (ii) RMB0.60 million contributed in cash; and Luster subscribed for a total of RMB4.00 million, consisting of (i) RMB0.40 million through the contribution of appraised assets relating to a patent and (ii) RMB3.60 million contributed in cash. The initial registered capital was fully paid up. Upon establishment, the Company was held by UP OPTOTECH, Dr. Wang and Luster as to 50%, 30% and 20%, respectively. On June 6, 2022, Luster replaced its capital contribution of appraised assets of RMB0.4 million with an equivalent amount in cash.

(2) Shareholding Changes of the Company before Conversion into Joint Stock Limited Company

(a) First capital increase in 2014

On April 22, 2014, the original Shareholders of the Company, UP OPTOTECH, Dr. Wang and Luster, agreed to make a pro-rata registered capital increase in cash, of which, UP OPTOTECH, Dr. Wang and Luster increased their respective subscribed registered capital by RMB1.75 million, RMB1.05 million and RMB0.70 million, respectively. The increased registered capital payments were fully settled in May 2022. After the first capital increase in 2014, the Company was held as to 50%, 30% and 20% by UP OPTOTECH, Dr. Wang and Luster, respectively.

(b) First equity transfer in 2016

In December 2016, to incentivize certain key employees of the Company, UP OPTOTECH and Luster transferred RMB3.21 million of the Company's registered capital for a total consideration of RMB4,429,800 to Dr. Wang, Dr. Zhang, Dr. Ma, LIU Yang (劉洋) and LI Yang (李揚), based on the then appraisal report prepared by an Independent Third Party. Luster transferred RMB705,000 and RMB212,100 of the Company's registered capital to Dr. Wang and Dr. Ma for a consideration of RMB972,900 and RMB292,700, respectively; UP OPTOTECH transferred RMB705,000, RMB492,900, RMB547,500 and RMB547,500 of the Company's registered capital to Dr. Zhang, Dr. Ma, LIU Yang (劉洋) and LI Yang (李揚) for a consideration of RMB972,900, RMB680,200, RMB755,550 and RMB755,550, respectively. The transfer payments were made in October 2017.

After the completion of the first equity transfer in 2016, the Company was held as to 40.24% by UP OPTOTECH, 33.00% by Dr. Wang, 16.10% by Luster, 3.00% by Dr. Zhang, 3.00% by Dr. Ma, 2.33% by LIU Yang (劉洋) and 2.33% by LI Yang (李揚), respectively.

(c) Second capital increase in 2017

On July 27, 2017, Dr. Wang subscribed for an additional RMB6.00 million registered capital of the Company, representing approximately 20.34% equity interest of our Company upon completion of such capital increase, for a consideration of RMB36.00 million, based on the then appraisal report prepared by an Independent Third Party. The subscription payment was fully settled in November 2017. Immediately after the second capital increase in 2017, the registered capital of the Company was increased to RMB29.50 million.

(d) Third capital increase in 2021

In order to align the interests of our Company and our key employees, Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰), each a limited partnership, was established under the laws of the PRC on February 7, 2021 and July 21, 2022, respectively as our Company's employee shareholding platform. For further details of Zhuhai Yunchen (珠海雲辰), Zhuhai Xuchen (珠海旭辰) and the other three entities as our Company's employee shareholding platforms, please see "— Our Employee Shareholding Platforms" in this section below.

On July 21, 2021, Zhuhai Yunchen (珠海雲辰) subscribed for registered capital of the Company in the amount of RMB7.5 million. The subscription, which was for a total consideration of RMB124.05 million based on the then appraisal report prepared by an Independent Third Party, represented approximately 20.27% of the equity interest in our Company upon completion of the capital increase. Of the subscribed RMB7.5 million registered capital, Zhuhai Yunchen (珠海雲辰)

(a) had fully paid the corresponding subscription payment for RMB5.28 million registered capital in July 2022, and (b) transferred the remaining RMB2.22 million registered capital to Zhuhai Xuchen (珠海旭辰) for streamlining the structure of our shareholding platforms. Please see "— (g) Fourth equity transfer in July 2022" in this section below for more details of the equity transfer from Zhuhai Yunchen (珠海雲辰) to Zhuhai Xuchen (珠海旭辰). Immediately after the third capital increase in 2021, the registered capital of the Company was increased to RMB37.00 million.

Between 2017 and 2020, to incentivize key employees, Dr. Wang entered into written agreements with 20 employees to grant them equity interests by transferring a portion of his own capital contribution, totaling RMB360,000 of the Company's registered capital, to them. The relevant employees fully paid the consideration for their respective equity transfers upon completion. Due to absence of an employee shareholding platform of the Company at the relevant time, Dr. Wang temporarily held the equity on behalf of these employees for ease of management ("**First Batch Nomination Arrangement**").

Subsequently, following the departure of one employee, the First Batch Nomination Arrangement with respect to such employee was terminated, and his paid consideration was duly refunded in full. Upon the incorporation of Zhuhai Yunchen (珠海雲辰), in July 2021, the Company resolved to formally include the remaining 19 employees in Zhuhai Yunchen (珠海雲辰) by registering them as limited partners, thereby the 19 employees became indirect shareholders of the Company through Zhuhai Yunchen. Dr. Wang transferred his own partnership interests in Zhuhai Yunchen (珠海雲辰) (equivalent to RMB345,000 of the Company's registered capital) to these employees at nil consideration.

By the end of August 2021, all the First Batch Nomination Arrangement had been fully terminated.

After the completion of the second and third capital increase, the shareholding structure of the Company was as follows:

No.	Name of Shareholder	Registered capital held	Percentage of Shareholding
		(RMB'000)	*(%)*
1	Dr. Wang	13,755.00	37.18
2	UP OPTOTECH	9,457.10	25.56
3	Zhuhai Yunchen (珠海雲辰)	7,500.00	20.27
4	Luster	3,782.90	10.22
5	Dr. Zhang	705.00	1.91
6	Dr. Ma	705.00	1.91
7	LIU Yang (劉洋)	547.50	1.48
8	LI Yang (李揚)	547.50	1.48
Total		**37,000.00**	**100.00**

(e) Second equity transfer in 2021

Between 2013 and 2018, Dr. Wang, Dr. Ma, LI Yang (李揚) and LIU Yang (劉洋) agreed to transfer certain registered capital of the Company among themselves. The parties agreed that the transferred registered capital would be held by the respective transferors on behalf of transferees for administrative convenience (the "**Second Batch Nomination Arrangement**"). The consideration for such transfers was settled in December 2021.

In December 2021, Dr. Wang, Dr. Ma, LI Yang (李揚) and LIU Yang (劉洋) entered into an equity transfer agreement for restoring the actual shareholdings under the Second Batch Nomination Arrangement at nil consideration as set forth in below table. Upon completion of such transfers, the Second Batch Nomination Arrangement was terminated, and the transferees were registered as the Shareholders of the Company in respect of their respective transfer on June 7, 2022.

No.	Transferor	Transferee	Registered capital transferred
			(RMB'000)
1	Dr. Wang	Dr. Ma	940.00
2.	Dr. Wang	LI Yang (李揚)	235.00
3.	Dr. Wang	LIU Yang (劉洋)	235.00
4.	LI Yang (李揚)	Dr. Wang	30.00
5.	LI Yang (李揚)	Dr. Ma	222.50
6.	LIU Yang (劉洋)	Dr. Ma	252.50

(f) Third equity transfer in June 2022

On June 10, 2022, certain existing Shareholders transferred a total of RMB4,010,800 registered capital of the Company to 22 investors, representing approximately 10.84% equity interest of the Company upon the completion of such equity transfer, for a total consideration of approximately RMB1,084 million. The total transfer payments were fully settled in July 2022. For details of the third equity transfer, please see "— **[REDACTED]** from the **[REDACTED]** Investors" below in this section.

(g) Fourth equity transfer in July 2022

On July 25, 2022, to facilitate the management of our employee shareholding platforms, Zhuhai Yunchen (珠海雲辰) transferred its subscribed registered capital of RMB2.22 million, representing approximately 6.00% equity interest of the Company upon the completion of such equity transfer, which was not paid up by Zhuhai Yunchen (珠海雲辰), to Zhuhai Xuchen (珠海旭辰) at nil consideration. After the completion of such transfer, Zhuhai Xuchen (珠海旭辰) paid up such transferred registered capital in July 2022.

After the completion of the third equity transfer in June 2022, and the fourth equity transfer in July 2022, the shareholding structure of the Company was as follows:

No.	Name of Shareholder	Registered capital held	Percentage of Shareholding
		(RMB'000)	*(%)*
1	Dr. Wang	10,121.70	27.36
2	UP OPTOTECH	9,457.10	25.56
3	Zhuhai Yunchen (珠海雲辰)	5,280.00	14.27
4	Luster	3,782.90	10.22
5	Zhuhai Xuchen (珠海旭辰)	2,220.00	6.00
6	Dr. Ma	973.00	2.63
7	Dr. Zhang	705.00	1.91
8	Zhuhai Qixin (珠海祈欣)	555.00	1.50
9	Hillhouse Yurun (高瓴裕潤)	555.00	1.50
10	Xianjin Zhizao (先進製造)	444.00	1.20
11	Guoce Xiangchi (國策驤馳)	407.00	1.10
12	Xiamen Yuanfeng (廈門源峰)	370.00	1.00
13	Huashun Guangzhou (華舜廣州)	370.00	1.00
14	LIU Yang (劉洋)	224.80	0.61
15	LI Yang (李揚)	224.80	0.61
16	Other shareholders[(2)]	1,309.80	3.54
Total		**37,000.00**	**100.00**

Notes: (1) The total percentages shown in the table may not be the arithmetic sum of the figures shown in the notes as a result of rounding adjustments.

(2) The remaining Shareholders comprise 16 Shareholders, namely, Shenzhen Jiusi (深圳九思), Juyuan Xincheng (聚源信誠), QIN Hao (覃浩), Wuhu Tuochen (蕪湖拓辰), Suzhou Fangguang (蘇州方廣), Yibin Chendao (宜賓晨道), Shengyu Huatian (盛宇華天), Zhongke Chuangxing (中科創星), Changzhou Fangguang (常州方廣), Pingyang Yuanxin (平陽源新), Zhongke Xiandao (中科先導), Donghu Guolong (東湖國隆), Ningbo Yuxi (寧波雨熙), Zhongke Ketou (中科科投), Thriving Capital (寧波超興) and Jilin Yuanheng (吉林元亨), each of whom holds a shareholding in the Company ranging from approximately 0.03% to 0.60% of the registered capital of the Company.

(3) Conversion into a joint stock limited company in 2022

On December 16, 2022, all existing Shareholders of the Company, acting as promoters, jointly signed the promoters' agreement for the establishment of a joint stock company. On the same day, the Company convened the inaugural meeting (創立大會) and the first general meeting, and passed related resolutions approving the conversion into a joint stock company and the relevant procedures. Upon completion of the conversion, the registered capital of our Company was RMB370,000,000 divided into 370,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all of the then existing Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on December 26, 2022 when our Company obtained a new business license.

OUR EMPLOYEE SHAREHOLDING PLATFORMS

As of the Latest Practicable Date, the information of our employee shareholding platforms was as follows:

Zhuhai Yunchen (珠海雲辰) is our direct employee shareholding platform. Its general partner is Hangzhou Qixin (杭州祺芯), which is solely owned by Dr. Wang, and is responsible for its management. As at the Latest Practicable Date, Zhuhai Yunchen (珠海雲辰) has 28 limited partners, comprising (1) Dr. Wang, Dr. Ma (a supervisor of Gpixel Hangzhou and Gpixel Dalian), LIU Nan (劉楠) (a director of Changguang Yuanxin), WANG Jialong (王佳龍) (a director of Changguang Yuanxin) and ZHANG Shuangcheng (張雙成) (a supervisor of Changguang Yuanxin), (2) three indirect employee shareholding platforms, namely Zhuhai Xingchen (珠海星辰), Zhuhai Pengchen (珠海鵬辰) and Zhuhai Xichen (珠海曦辰), and (3) the remaining 20 natural person limited partners, all of whom are employees of our Group. Zhuhai Xuchen (珠海旭辰) is another direct employee shareholding platform and its general partner is Hangzhou Qixin (杭州祺芯). As at the Latest Practicable Date, Zhuhai Xuchen (珠海旭辰) has two limited partners, comprising (a) Dr. Wang, and (b) one consultant of our Company who is our external expert in advising us on the R&D of CMOS image sensors.

Each of Zhuhai Xingchen (珠海星辰), Zhuhai Pengchen (珠海鵬辰) and Zhuhai Xichen (珠海曦辰) is our indirect employee shareholding platform and their respective general partner is Hangzhou Qixin (杭州祺芯), which is solely owned by Dr. Wang, and is responsible for its management. As at the Latest Practicable Date, (a) Zhuhai Xingchen (珠海星辰) has 49 limited partners, comprising (1) Dr. Wang and QUAN Yongxin (全永鑫) (a director of Changguang Yuanxin), and (2) the remaining 47 natural person limited partners who are all employees of our Group; (b) Zhuhai Pengchen (珠海鵬辰) has 49 limited partners, comprising (1) Dr. Wang, Ms. WU Qinyun (a Director of the Company and a director of Gpixel Belgium and Changguang Yuanxin), and LI Yanqing (李彥慶) (a director and general manager of Changguang Yuanxin), and (2) the remaining 46 natural person limited partners who are all employees of our Group; and (3) Zhuhai Xichen (珠海曦辰) has 38 limited partners, comprising (1) Dr. Wang and WANG Jialong (王佳龍) (a director of Changguang Yuanxin) and (2) the remaining 36 natural person limited partners who are all employees of our Group.

[REDACTED] Share Option Scheme

We have adopted the **[REDACTED]** Share Option Scheme. For details of the **[REDACTED]** Share Option Scheme, see "D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document. As of the Latest Practicable Date, the total number of valid share options granted under the **[REDACTED]** Share Option Scheme is 6,173,000 options, and if exercised in full, representing approximately 1.67% of the issued share capital of our Company immediately before completion of the **[REDACTED]**, representing approximately **[REDACTED]**% of the issued share capital of our Company immediately upon completion of **[REDACTED]** and taking no account of any Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**. Save as disclosed above and in "D. **[REDACTED]** Share Option Scheme" in Appendix VI to this document, as of the Latest Practicable Date, our Group did not have any outstanding share options, warrants, convertible debt securities or other convertible instruments, or similar rights convertible into our Shares.

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had five subsidiaries, including two wholly-owned subsidiaries and three non-wholly owned subsidiaries. The table below sets forth details of our subsidiaries:

Name of subsidiary	Place of Incorporation	Equity interest held by our Group as of the Latest Practicable Date	Registered Capital/Share Capital *('000)*	Date of Incorporation/Date of Commencement of Business	Principal Business Activities	Major shareholding changes during the Track Record Period
Gpixel Japan	Japan	100.00%	JYP100	January 7, 2016	Module research and development, as well as the procurement of raw materials and packaging services	Nil
Gpixel Belgium	Belgium	68.36% *(Note 1)*	EUR640	August 9, 2018	Research and development, design and sale of high-performance CMOS image sensors, as well as related customization services	Nil
Gpixel Hangzhou	China	91.67% *(Note 2)*	RMB15,000	July 20, 2020	Research and development, design and sale of high-performance CMOS image sensors, as well as related customization services	On December 15, 2022, Gpixel Hangzhou, the Company, Dr. Wang, and Zhejiang Province Industrial Fund Co., Ltd.* (浙江省產業基金有限公司) ("**Zhejiang Industrial Fund**") entered into a registered capital increase agreement, pursuant to which, the Zhejiang Industrial Fund subscribed for RMB 1,250,000 registered capital of Gpixel Hangzhou. On December 2, 2024, there had been a registered capital increase contributed by the Company in an amount of RMB3,750,000 into Gpixel Hangzhou and thus the registered capital of Gpixel Hangzhou increased from RMB11,250,000 to RMB15,000,000.

Name of subsidiary	Place of Incorporation	Equity interest held by our Group as of the Latest Practicable Date	Registered Capital/Share Capital *('000)*	Date of Incorporation/Date of Commencement of Business	Principal Business Activities	Major shareholding changes during the Track Record Period
Changguang Yuanxin	China	50.98% *(Note 3)*	RMB25,500	October 30, 2020	Packaging of CMOS image sensors	Nil
Gpixel Dalian	China	100.00%	RMB5,000	December 1, 2021	Research and development, design and sale of high-performance CMOS image sensors, as well as related customization services	Nil

Notes:

1. The remaining 9.29%, 7.29%, 6.29%, 2.92%, 2.92%, and 2.92% are held by Jan Bogaerts, Tim Baeyens, Wim Wuyts, Tim Blanchaert, Bart Ceulemans, and Bram Wolfs, respectively. Apart from each of Jan Bogaerts, Tim Baeyens and Wim Wuyts, each being either the sole or majority shareholder of the corporate directors of Gpixel Belgium, the other three individuals are employees of Gpixel Belgium and Independent Third Parties.

2. The remaining 8.33% is held by Zhejiang Industrial Fund, an Independent Third Party.

3. The remaining 29.41%, 11.76%, and 7.84% are held by LI Yanqing (李彥慶) (a director and general manager of Changguang Yuanxin), Changguang Precision, and Changguang Shiyuan respectively.

PREVIOUS LISTING APPLICATION

In June 2023, our Company submitted an application for the listing of our Shares on the STAR Market of the Shanghai Stock Exchange (the "**Previous Listing Application**"). In January 2025, after taking into account a number of factors, including our strategic positioning, we voluntarily withdrew the Previous Listing Application.

Our Directors consider that the Stock Exchange, as an internationally recognized and reputable stock exchange, shall allow us to access international capital markets and expand our global business footprint, to raise our brand recognition and market awareness and to present us with an opportunity to further expand our investor base.

To their best knowledge, as of the date of this document, our Directors are not aware of (i) any matters or findings from the Previous Listing Application that pose a material adverse implication on the **[REDACTED]**, or (ii) any matters that might materially and adversely affect our Company's suitability for the **[REDACTED]**, which should be brought to the attention of the Stock Exchange or potential **[REDACTED]**.

Based on the independent due diligence work performed by the Joint Sponsors and the information and representation given to the Joint Sponsors, nothing material has come to the Joint Sponsors' attention that could reasonably cause the Joint Sponsors to cast doubts on the Directors' views set out above.

[REDACTED] FROM THE [REDACTED] INVESTORS

Overview

On June 10, 2022, through equity transfer agreements, certain existing Shareholders ("**Selling Shareholders**") transferred a portion of their equity interests in the Company to 22 **[REDACTED]** Investors. The following table summarizes the key terms of the **[REDACTED]** Investments to our Company made by the **[REDACTED]** Investors:

Investors	Registered capital transferred	Equity Interest	Consideration	Timing of settlement of Consideration	Approximate Cost Per Share[1]	Discount to the [REDACTED][2]	Post-money valuation
	(RMB'000)	*(%)*	*(RMB'000)* *(Approximately)*		*(RMB)* *(Approximately)*	*(%)* *(Approximately)*	*(RMB)*
1. Zhuhai Qixin (珠海祈欣)	555.00	1.50	150,000.00	July 2022	27.03	**[REDACTED]**	N/A
2. Hillhouse Yurun (高瓴裕潤)	555.00	1.50	150,000.00	July 2022	27.03	**[REDACTED]**	N/A
3. Xianjin Zhizao (先進製造)	444.00	1.20	120,000.00	July 2022	27.03	**[REDACTED]**	N/A
4. Guoce Xiangchi (國策驤馳)	407.00	1.10	110,000.00	July 2022	27.03	**[REDACTED]**	N/A
5. Xiamen Yuanfeng (廈門源峰)	370.00	1.00	100,000.00	July 2022	27.03	**[REDACTED]**	N/A
6. Huashun Guangzhou (華舜廣州)	370.00	1.00	100,000.00	July 2022	27.03	**[REDACTED]**	N/A
7. Shenzhen Jiusi (深圳九思)	222.00	0.60	60,000.00	July 2022	27.03	**[REDACTED]**	N/A
8. Juyuan Xincheng (聚源信誠)	185.00	0.50	50,000.00	July 2022	27.03	**[REDACTED]**	N/A
9. QIN Hao (覃浩)	148.00	0.40	40,000.00	July 2022	27.03	**[REDACTED]**	N/A
10. Wuhu Tuochen (蕪湖拓辰)	148.00	0.40	40,000.00	July 2022	27.03	**[REDACTED]**	N/A
11. Suzhou Fangguang (蘇州方廣)	132.30	0.36	35,754.99	July 2022	27.03	**[REDACTED]**	N/A

Investors	Registered capital transferred	Equity Interest	Consideration	Timing of settlement of Consideration	Approximate Cost Per Share[(1)]	Discount to the [REDACTED][(2)]	Post-money valuation
	(RMB'000)	*(%)*	*(RMB'000) (Approximately)*		*(RMB) (Approximately)*	*(%) (Approximately)*	*(RMB)*
12. Yibin Chendao (宜賓晨道)	99.90	0.27	27,000.00	July 2022	27.03	**[REDACTED]**	N/A
13. Shengyu Huatian (盛宇華天)	74.00	0.20	20,000.00	July 2022	27.03	**[REDACTED]**	N/A
14. Zhongke Chuangxing (中科創星)	74.00	0.20	20,000.00	July 2022	27.03	**[REDACTED]**	N/A
15. Changzhou Fangguang (常州方廣)	52.70	0.14	14,245.01	July 2022	27.03	**[REDACTED]**	N/A
16. Pingyang Yuanxin (平陽源新)	37.00	0.10	10,000.00	July 2022	27.03	**[REDACTED]**	N/A
17. Donghu Guolong (東湖國隆)	37.00	0.10	10,000.00	July 2022	27.03	**[REDACTED]**	N/A
18. Zhongke Xiandao (中科先導)	37.00	0.10	10,000.00	July 2022	27.03	**[REDACTED]**	N/A
19. Ningbo Yuxi (寧波雨熙)	22.20	0.06	6,000.00	July 2022	27.03	**[REDACTED]**	N/A
20. Zhongke Ketou (中科科投)	18.50	0.05	5,000.00	July 2022	27.03	**[REDACTED]**	N/A
21. Thriving Capital (寧波超興)	11.10	0.03	3,000.00	July 2022	27.03	**[REDACTED]**	N/A
22. Jilin Yuanheng (吉林元亨)	11.10	0.03	3,000.00	July 2022	27.03	**[REDACTED]**	N/A
Total	4,010.80	10.84	1,084,000.00				

Notes:

(1) Calculated based on the amount of consideration paid divided by the number of Shares as adjusted after the Company's conversion into a joint stock limited company in 2022 and certain percentages figures included in this column have been subject to rounding adjustments.

(2) Calculated based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]**).

Special Rights granted to our [REDACTED] Investors

The **[REDACTED]** Investors were granted certain special rights by the Selling Shareholders, the details of which are as follows:

Special Rights	Overview
Information rights	The Selling Shareholders shall procure the Company to submit to the **[REDACTED]** investors the Company's unaudited consolidated quarterly financial statements prepared in accordance with PRC accounting standards within 45 days after the end of each fiscal quarter.
Repurchase rights	If any Selling Shareholders materially violate mandatory laws and regulations of China or any member of the Group materially violates mandatory laws and regulations applicable to its place of registration, resulting in the Company being revoked of its business license, ordered to close, or dissolved and liquidated, the **[REDACTED]** Investors shall have the right to require the Selling Shareholders to repurchase all or part of their acquired equity interests at the agreed price.
Liquidation preference right	If a liquidation event occurs before the Company's initial **[REDACTED]** and **[REDACTED]** of shares within China, and the actual liquidation distribution received by the **[REDACTED]** Investors is less than the agreed amount, then the Selling Shareholders shall compensate the **[REDACTED]** Investors the difference between the agreed amount and the actual liquidation distribution the Selling Shareholders have received.
Most favorable terms	If the terms or rights under which future investors of the Company acquire equity in the Company are more favorable than those of the **[REDACTED]** Investors, then the **[REDACTED]** Investors shall automatically enjoy the same terms and rights.

All special rights of the **[REDACTED]** Investors were fully terminated in June 2023, except that the information rights of Zhuhai Qixin (珠海祈欣), Hillhouse Yurun (高瓴裕潤), Huashun Guangzhou (華舜廣州) and Xiamen Yuanfeng (廈門源峰) were restored in effect in January 2025 after the prior termination in June 2023. These information rights will be terminated again upon **[REDACTED]**.

Information of the [REDACTED] Investors

To the best of our knowledge, information and belief and having made all reasonable enquiries, all of the **[REDACTED]** Investors are Independent Third Parties. The following table sets forth the information of the **[REDACTED]** Investors:

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Zhuhai Qixin Investment Center (Limited Partnership)* (珠海祈欣投資中心(有限合夥))	Zhuhai Qixin is a limited partnership established in China on August 2, 2021, primarily engaged in investment. The general partner of Zhuhai Qixin is Shenzhen Hillhouse Tiancheng Phase III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) ("**Shenzhen Hillhouse**"). Among its five limited partners, two hold more than 30% of the interests, namely Shenzhen Hillhouse Muqi Equity Investment Fund Partnership (Limited Partnership)* (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) (holding 50.11%) and Xiamen Hillhouse Ruiqi Equity Investment Fund Partnership (Limited Partnership)* (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥)) (holding 36.42%). Shenzhen Hillhouse is controlled by ZHANG Haiyan (張海燕), an Independent Third Party.
Beijing Hillhouse Yurun Equity Investment Fund Partnership (Limited Partnership)* (北京高瓴裕潤股權投資基金合夥企業(有限合夥))	Hillhouse Yurun is a limited partnership established in China on October 16, 2020, primarily engaged in equity investment business. The general partner of Hillhouse Yurun is Beijing Hillhouse Yuqing Investment Management Co., Ltd.* (北京高瓴裕清投資管理有限公司) ("**Beijing Hillhouse**"). Among its 14 limited partners, no single limited partner holds more than 30% of the interests therein. Beijing Hillhouse is indirectly owned as to 55% by ZHU Xiuhua (朱秀花), directly as to 15% by each of MA Cuifang (馬翠芳), CAO Wei (曹偉) and LI Liang (李良), each an Independent Third Party.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
	Each of MA Cuifang, CAO Wei and LI Liang is also interested in 15%, 10% and 10% of the equity interest in Shenzhen Hillhouse.
Xianjin Zhizao Industry Investment Fund Phase II (Limited Partnership)* (先進製造產業投資基金二期(有限合夥))	Xianjin Zhizao is a limited partnership established in China on June 18, 2019, primarily engaged in equity investment and management business. The general partner of Xianjin Zhizao is CS Capital Co., Ltd.* (國投招商投資管理有限公司) ("**CS Capital**"). CS Capital is owned as to 20% by China SDIC Gaoxin Industrial Investment Co., Ltd.* (中國國投高新產業投資有限公司) which is controlled by State Assets Supervision and Administration Commission ("**SASAC**") and 20% by China Merchants Capital Management Co., Ltd.* (招商局資本管理有限責任公司) which is wholly owned by China Merchants Capital Investment Co., Ltd.* (招商局資本投資有限責任公司) ("**CMCI**"). CMCI is owned as to 50% by China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) which is controlled by SASAC and 50% by GLP Capital Investment 5 (HK) Limited which is controlled by CLH Limited. All are Independent Third Parties. Among its 37 limited partners, no single limited partner holds more than 30% of the interests therein.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Shanghai Guoce Xiangchi Venture Capital Partnership (Limited Partnership)* (上海國策驤馳創業投資合夥企業(有限合夥))	Guoce Xiangchi is a limited partnership established in China on November 2, 2021, primarily engaged in equity investment business. The executive partner of Guoce Xiangchi is Shanghai Shenghe Enterprise Management Center (Limited Partnership)* (上海晟閡企業管理中心(有限合夥)) ("**Shanghai Shenghe**"). Among its three limited partners, Guotai Junan Zhengyu Investment Co., Ltd.* (國泰君安證裕投資有限公司) ("**Zhengyu Investment**") holds 45.21% of the interests and Zhengyu Investment is wholly-owned by Guotai Haitong Securities Co., Ltd (stock code: 2611.HK/601211.SH), which is the indirect holding company of our Joint Sponsor, Guotai Junan Capital Limited, and Shanghai Guoce Green Technology Manufacturing Private Equity Investment Fund Partnership (Limited Partnership)* (上海國策綠色科技製造私募投資基金合夥企業(有限合夥)) holds 44.81% of the interests. Shanghai Shenghe is controlled by WANG Shufang (王淑芳), an Independent Third Party.
Xiamen Yuanfeng Xinguang Enterprise Management Partnership (Limited Partnership)* (廈門源峰芯光企業管理合夥企業(有限合夥))	Xiamen Yuanfeng is a limited partnership established in China on January 14, 2022, primarily engaged in enterprise management and consulting business. The general partner of Xiamen Yuanfeng is Xiamen Yuanfeng Investment Co., Ltd.* (廈門源峰投資有限公司) and it is ultimately owned as to 30% and 30% by TIAN Yu (田宇) and NIE Lei (聶磊), both Independent Third Parties. The limited partner of Xiamen Yuanfeng is 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)).

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Huashun (Guangzhou) Enterprise Management Partnership (Limited Partnership)* (華舜(廣州)企業管理合夥企業(有限合夥))	Huashun Guangzhou is a limited partnership established in China on June 18, 2021, primarily engaged in investment and financial consulting business. The general partner of Huashun Guangzhou is Huashun (Zhuhai) Enterprise Management Partnership (Limited Partnership)* (華舜(珠海)企業管理合夥企業(有限合夥)), which is controlled by LIANG Wengen (梁穩根), an Independent Third Party. The limited partner of Huashun Guangzhou is Chongqing Huaxu Private Equity Investment Fund Partnership (Limited Partnership)* (重慶華胥私募股權投資基金合夥企業(有限合夥)).
Shenzhen Jiusi Investment Management Co., Ltd.* (深圳市九思投資管理有限公司)	Shenzhen Jiusi is a limited liability company established in China on March 13, 2001, primarily engaged in investment and asset management. Shenzhen Jiusi is owned as to 42.14% by QIN Hao (覃浩) and 38.10% by Shenzhen Mingnuo Investment Co., Ltd.* (深圳市明諾投資有限責任公司) ("**Mingnuo Investment**") which is in turn owned as to 50% by ZHENG Xiaoyun (鄭曉雲) and 40% by QIN Hao (覃浩), both Independent Third Parties.
QIN Hao (覃浩)	QIN Hao (覃浩) directly holds 42.14% of interest in Shenzhen Jiusi and is also interested in Shenzhen Jiusi through his interest in Mingnuo Investment and a businessman.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Juyuan Xincheng (Jiaxing) Venture Investment Partnership (Limited Partnership)* (聚源信誠(嘉興)創業投資合夥企業(有限合夥))	Juyuan Xincheng is a limited partnership established in China on September 5, 2020, primarily engaged in equity investment business. The general partner of Juyuan Xincheng is Suzhou Juyuan Xinxin Enterprise Management Consulting Partnership (Limited Partnership)* (蘇州聚源炘芯企業管理諮詢合夥企業(有限合夥)) ("**Suzhou Juyuan**"). Among its limited partners, no single limited partner holds more than 30% of the interests therein. The general partner of Suzhou Juyuan is Zhongxin Juyuan Private Fund Management (Shanghai) Co., Ltd* (中芯聚源私募基金管理(上海)有限公司) ("**Zhongxin Juyuan**"). Zhongxin Juyuan is owned as to 35% by Shanghai Xinqi Investment Center (Limited Partnership)* (上海芯齊投資中心(有限合夥)), which is controlled by is GAO Yonggang (高永崗), an Independent Third Party, and other shareholders each of which holds less than 30% of interest therein.
Wuhu Tuochen Private Equity Investment Center (Limited Partnership)* (蕪湖拓辰私募股權投資中心(有限合夥))	Wuhu Tuochen is a limited partnership established in China on April 13, 2022, primarily engaged in venture capital investment business. The general partner of Wuhu Tuochen is Wuhu Yuanguan Enterprise Management Consulting Center (Limited Partnership)* (蕪湖原管企業管理諮詢中心(有限合夥)) ("**Wuhu Yuanguan**"). Among its six limited partners, LIU Xuemei (劉雪梅), an Independent Third Party, holds 51.26% of the interests, while no other single limited partner holds more than 30% of the interests. Wuhu Yuanguan is controlled by FENG Yiming (馮一名), the partner of Atom Ventures* (原子創投) and an Independent Third Party.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Suzhou Fangguang Phase III Venture Capital Partnership (Limited Partnership)* (蘇州方廣三期創業投資合夥企業(有限合夥))	Suzhou Fangguang is a limited partnership established in China on August 24, 2020, primarily engaged in equity investment and management business. The general partner of Suzhou Fangguang is Suzhou Fangguang Phase III Venture Capital Management Partnership (Limited Partnership)* (蘇州方廣三期創業投資管理合夥企業(有限合夥)) ("**Suzhou Fangguang Management**"). Among its 42 limited partners, no single limited partner holds more than 30% of the interests. Suzhou Fangguang Management is controlled by HONG Tianfeng (洪天峰), the managing partner of FG Venture* (方廣資本) and an Independent Third Party.
Changzhou Fangguang Phase III Equity Investment Partnership (Limited Partnership)* (常州方廣三期股權投資合夥企業(有限合夥))	Changzhou Fangguang is a limited partnership established in China on October 29, 2020, primarily engaged in equity investment and management business. The general partner of Changzhou Fangguang is Suzhou Fangguang Management. Among its remaining nine limited partners, Taikang Life Insurance Co., Ltd.* (泰康人壽保險有限責任公司) holds 40% of the interests therein, while no single limited partner holds more than 30% of the interests.
Yibin Chendao New Energy Industry Equity Investment Partnership (Limited Partnership)* (宜賓晨道新能源產業股權投資合夥企業(有限合夥))	Yibin Chendao is a limited partnership established in China on April 12, 2021, primarily engaged in equity investment and management business. The general partner of Yibin Chendao is Ningbo Meishan Free Trade Port Zone Chendao Investment Partnership (Limited Partnership)* (寧波梅山保税港區晨道投資合夥企業(有限合夥)) ("**Ningbo Meishan**"). Among its four limited partners, Yibin Emerging Industry Investment Group Co., Ltd.* (宜賓市新興產業投資集團有限公司) holds 44.10% of the interests therein, while no other single limited partner holds more than 30% of the interests. Ningbo Meishan is controlled by GUAN Chaoyu (關朝余) an Independent Third Party.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Jiangsu Shengyu Huatian Venture Investment Fund (Limited Partnership)* (江蘇盛宇華天創業投資合夥企業(有限合夥))	Shengyu Huatian is a limited partnership established in China on November 17, 2021, primarily engaged in equity investment business. The general partner of Shengyu Huatian is Nanjing Huayu Management Consulting Partnership (Limited Partnership)* (南京華宇管理諮詢合夥企業(有限合夥)) ("**Nanjing Huayu**"). Among its remaining 27 limited partners, no single limited partner holds more than 30% of the interests. Nanjing Huayu is controlled by ZHU Jiangsheng (朱江聲), an Independent Third Party.
Beijing Phase II Zhongke Chuangxing Hard Technology Venture Capital Partnership (Limited Partnership)* (北京二期中科創星硬科技創業投資合夥企業(有限合夥))	Zhongke Chuangxing is a limited partnership established in China on April 14, 2020, primarily engaged in venture capital business. The general partner of Zhongke Chuangxing is Beijing Zhongke Chuangxing Technology Co., Ltd.* (北京中科創星科技有限公司) ("**Beijing Zhongke Chuangxing**"). Among its remaining 27 limited partners, no single limited partner holds more than 30% of the interests. Beijing Zhongke Chuangxing is wholly owned by Zhongke Chuangxing Technology Investment Co., Ltd* (中科創星科技投資有限公司) which is owned as to 49.93% by Xi'an Huike Enterprise Management Consulting Co., Ltd.* (西安慧科企業管理咨詢股份有限公司) which is in turn owned as to 47.99% by MI Lei (米磊), the founding partner of CASSTAR* (中科創星) and an Independent Third Party.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Pingyang Yuanxin No.6 Venture Capital Partnership (Limited Partnership)* (平陽源新六號創業投資合夥企業(有限合夥))	Pingyang Yuanxin is a limited partnership established in China on September 24, 2019, primarily engaged in equity investment and management business. The general partner of Pingyang Yuanxin is Minghe Private Fund Management (Hangzhou) Co., Ltd.* (名禾私募基金管理(杭州)有限公司) ("**Minghe Private Fund**"). Among its remaining three limited partners, ZHOU Ping (周萍) and ZHENG Jun (鄭駿) hold 44.55% of the interests, respectively. Both are Independent Third Parties. Minghe Private Fund is owned as to 35%, 35% and 30% by CHENG Gang (成鋼), Hangzhou Minghezhong Enterprise Management Partnership (Limited Partnership)* (杭州名禾眾企業管理合夥企業(有限合夥)) whose general partner is LI Li (李麗), and ZHOU Ping (周萍), respectively, all Independent Third Parties.
Jilin Zhongke Xiandao Investment Partnership (Limited Partnership)* (吉林中科先導投資合夥企業(有限合夥))	Zhongke Xiandao is a limited partnership established in China on January 13, 2022, primarily engaged in investment business. The general partner of Zhongke Xiandao is Jilin Zhongke Venture Capital Management Co., Ltd.* (吉林省中科創業投資管理有限公司) ("**Jilin Zhongke Management**"). Jilin Zhongke Management is owned as to 38.00% by Changchun Boyang Technology Consulting Co., Ltd* (長春市伯陽科技咨詢有限責任公司) which is in turn controlled by LI Bing (李冰), an Independent Third Party, and 34% by Chinese Academy of Sciences Venture Capital Management Co., Ltd.* (國科創業投資管理有限公司) which is in turn owned as to 45% and 35% by Chinese Academy Of Sciences Holdings Co., Ltd.* (中國科學院控股有限公司) which is in turn wholly owned by Chinese Academy of Sciences, and Gongqingcheng Junhe Venture Capital Management Partnership (Limited Partnership)* (共青城君和創業投資管理合夥企業(有限合夥)) which is in turn controlled by WU Lebin (吳樂斌), an Independent Third Party. Among its remaining five limited partners, no single limited partner holds more than 30% of the interests therein.

Name of [REDACTED] Investors	**Information of our [REDACTED] Investors**
Jilin Zhongke Technology Achievement Transformation Venture Capital Partnership (Limited Partnership)* (吉林中科科技成果轉化創業投資合夥企業(有限合夥))	Zhongke Ketou is a limited partnership established in China on September 10, 2018, primarily engaged in venture capital and equity investment business. The general partner of Zhongke Ketou is Jilin Zhongke Management. Among its six limited partners, only one single limited partner holds more than 30% of the interests, i.e. Guoke Technology Achievement Transformation Venture Capital Fund (Wuhan) Partnership (Limited Partnership)* (國科科技成果轉化創業投資基金(武漢)合夥企業(有限合夥)) holds 34.69% of the interests.
Wuhan Donghu Guolong Shibei No.2 Equity Investment Fund Partnership (Limited Partnership)* (武漢東湖國隆拾貝貳號股權投資基金合夥企業(有限合夥))	Donghu Guolong is a limited partnership established in China on April 1, 2022, primarily engaged in equity investment and management business. The general partner of Donghu Guolong is Wuhan Donghu Guolong Equity Investment Fund Management Co., Ltd.* (武漢東湖國隆股權投資基金管理有限公司) ("**Donghu Management**"). Donghu Management is owned as to 35% by China State-owned Enterprise Structural Adjustment Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司) ("**Structural Adjustment Fund**") which is in turn owned as to 30.36% by China Chengtong Group Go., Ltd.* (中國誠通控股集團有限公司) which is wholly owned by the State Council. Among its remaining nine limited partners, XIE Guangchun (謝光春), an Independent Third Party, holds 50% of the interests, while no other single limited partner holds more than 30% of the interests.
Ningbo Yuxi Venture Capital Partnership (Limited Partnership) (寧波雨熙創業投資合夥企業(有限合夥))	Ningbo Yuxi is a limited partnership established in China on August 19, 2015, primarily engaged in venture capital investment and consulting business. The general partner of Ningbo Yuxi is WANG Yixiang (王逸翔), with PAN Yugen (潘玉根) being its sole limited partner. Both are Independent Third Parties.

Name of [REDACTED] Investors	Information of our [REDACTED] Investors
Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保税港區超興創業投資合夥企業(有限合夥))	Thriving Capital is a limited partnership established in China on October 9, 2017, primarily engaged in venture capital business. The general partner of Thriving Capital is HUANG Kun (黃錕), with WU Cen (吳岑) being its sole limited partner. Both are Independent Third Parties.
Jilin Yuanheng Equity Investment Partnership (Limited Partnership)* (吉林省元亨股權投資合夥企業(有限合夥))	Jilin Yuanheng is a limited partnership established in China on June 29, 2021, primarily engaged in equity investment business. The general partner of Jilin Yuanheng is Jilin Changbaishan Private Equity Management Co., Ltd.* (吉林長白山私募基金管理有限公司) ("**Jilin Changbaishan PE Management**"). Among its four limited partners, Jilin Zhisheng Investment Management Co., Ltd.* (吉林省致晟投資管理有限公司) ("**Jilin Zhisheng Investment**") holds 62.5% of the interests therein, while no other single limited partner holds more than 30% of the interests. Both of Jilin Changbaishan PE Management and Jilin Zhisheng Investment are controlled by State-owned Assets Supervision & Administration Committee of Jilin People's Government* (吉林省人民政府國有資產監督管理委員會).

OTHER INFORMATION ON [REDACTED] INVESTMENTS

Basis of determination of the consideration

As the **[REDACTED]** Investments constituted existing equity transfers between Selling Shareholders and **[REDACTED]** Investors, the consideration for such transfers was determined through arm's length negotiations between the parties involved after taking into consideration of the timing of the investments, the status of our business operations and the prospects of the Company. The Company did not receive any **[REDACTED]** of such **[REDACTED]**.

Strategic Benefits from [REDACTED] Investments

The Directors believe that the **[REDACTED]** Investments are beneficial to the Group as it broadens the Shareholder base prior to **[REDACTED]**. Furthermore, the Company benefits from the commitment demonstrated by the **[REDACTED]** Investors, as their investments reflect confidence in the Group's business and operations and may be regarded as an endorsement of our performance, strength and prospects.

[REDACTED] Period

There are no **[REDACTED]** undertakings in the equity transfer agreements under the **[REDACTED]** Investments. Pursuant to PRC Company Law, within 12 months following the **[REDACTED]**, all existing Shareholders (including the **[REDACTED]** Investors) shall not transfer any of the Shares held by them.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the **[REDACTED]** Investments have been settled more than 28 clear days before the date of first submission of the **[REDACTED]** to the Stock Exchange, and (ii) the special rights granted to the **[REDACTED]** Investors have been terminated or will be terminated upon **[REDACTED]**, the Joint Sponsors are of the view that the **[REDACTED]** Investments are in compliance with the guidance on **[REDACTED]** investments (Chapter 4.2 of the Guide) for New Listing Applicants.

MAJOR ACQUISITIONS, MERGERS AND DISPOSALS

As of the Latest Practicable Date, we had not made any major acquisitions, mergers or disposals.

COMPLIANCE WITH LAWS AND REGULATIONS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, the establishment of the Company, equity transfers and changes in registered capital (where applicable) had been duly and lawfully completed in compliance with the applicable laws and regulations in all material aspect. As advised by our PRC Legal Advisor, up to the Latest Practicable Date, the Company had obtained relevant approvals or confirmations for its establishment and subsequent equity transfers (including the aforementioned **[REDACTED]** Investments) as well as changes in registered capital (where applicable), and has completed all registrations or filings with the relevant authorities in accordance with the relevant laws and regulations (where applicable). Furthermore, as of the Latest Practicable Date, the establishment of the Company, subsequent equity transfers and changes in registered capital (where applicable) remained valid and legally binding.

FULL CIRCULATION

The Company has applied for full circulation of **[REDACTED]** in accordance with the instructions of relevant Shareholders to convert certain **[REDACTED]** Shares into **[REDACTED]**. The conversion of **[REDACTED]** Shares into **[REDACTED]** will involve an aggregate of **[REDACTED]** Shares held by 22 existing Shareholders set out in the table below in "— **[REDACTED]** of our Company" in this section, representing approximately **[REDACTED]**% of the total issued share capital upon completion of the conversion of **[REDACTED]** Shares into **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are **[REDACTED]** under the **[REDACTED]** Share Option Scheme).

[REDACTED] of our Company

The table below is a summary of the **[REDACTED]** of our Company as of the Latest Practicable Date and the **[REDACTED]**:

		As of the Latest Practicable Date		As of the [REDACTED] (assuming no exercise of [REDACTED] and no Shares are issued under the [REDACTED] Share Option Scheme)					
	Shareholders	Number of [REDACTED] Shares	Approximate percentage in the total issued share capital	Number of [REDACTED]	Approximate ownership percentage in [REDACTED]	Number of [REDACTED] Shares	Approximate ownership percentage in [REDACTED] Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
1	Dr. Wang.	101,217,000	27.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	UP OPTOTECH.	94,571,000	25.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3	Zhuhai Yunchen (珠海雲辰) . . .	52,800,000	14.27%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4	Luster	37,829,000	10.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5	Zhuhai Xuchen (珠海旭辰). . . .	22,200,000	6.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6	Dr. Ma	9,730,000	2.63%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7	Dr. Zhang	7,050,000	1.91%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8	Zhuhai Qixin (珠海祈欣)	5,550,000	1.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9	Hillhouse Yurun (高瓴裕潤) . . .	5,550,000	1.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10	Xianjin Zhizao (先進製造). . . .	4,440,000	1.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11	Guoce Xiangchi (國策驤馳) . . .	4,070,000	1.10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12	Xiamen Yuanfeng (廈門源峰) . .	3,700,000	1.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
13	Huashun Guangzhou (華舜廣州) .	3,700,000	1.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14	LIU Yang (劉洋)	2,247,500	0.61%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15	LI Yang (李揚)	2,247,500	0.61%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
16	Shenzhen Jiusi (深圳九思). . . .	2,220,000	0.60%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
17	Juyuan Xincheng (聚源信誠). . .	1,850,000	0.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
18	QIN Hao (覃浩).	1,480,000	0.40%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
19	Wuhu Tuochen (蕪湖拓辰). . . .	1,480,000	0.40%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
20	Suzhou Fangguang (蘇州方廣) . .	1,322,940	0.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
21	Yibin Chendao (宜賓晨道). . . .	999,000	0.27%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
22	Shengyu Huatian (盛宇華天). . .	740,000	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
23	Zhongke Chuangxing (中科創星).	740,000	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
24	Changzhou Fangguang (常州方廣)	527,060	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
25	Pingyang Yuanxin (平陽源新) . .	370,000	0.10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
26	Zhongke Xiandao (中科先導) . .	370,000	0.10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
27	Donghu Guolong (東湖國隆). . .	370,000	0.10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
28	Ningbo Yuxi (寧波雨熙).	222,000	0.06%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
29	Zhongke Ketou (中科科投) . . .	185,000	0.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
30	Thriving Capital (寧波超興) . . .	111,000	0.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
31	Jilin Yuanheng (吉林元亨). . . .	111,000	0.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
32	Other investors taking part in the **[REDACTED]**	—	—	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total.	**370,000,000**	**100.00%**	[REDACTED]	**100.00%**	[REDACTED]	**100.00%**	[REDACTED]	**100.00%**

[REDACTED]

The Company has applied for the conversion of certain **[REDACTED]** Shares held by each of Xianjin Zhizao (先進製造), Xiamen Yuanfeng (廈門源峰), LI Yang (李揚), LIU Yang (劉洋), Shenzhen Jiusi (深圳九思) , QIN Hao (覃浩), Suzhou Fangguang (蘇州方廣), Yibin Chendao (宜賓晨道), Changzhou Fangguang (常州方廣), Pingyang Yuanxin (平陽源新), Zhongke Xiandao (中科先導), Donghu Guolong (東湖國隆), Zhongke Ketou (中科科投), Thriving Capital (寧波超興), Jilin Yuanheng (吉林元亨) (collectively, the "**Full Circulation [REDACTED] Applicants**") into **[REDACTED]** per the instructions of the Full Circulation **[REDACTED]** Applicants. Since (i) none of the Full Circulation **[REDACTED]** Applicants are core connected person as defined under the Listing Rules; (ii) none of the Full Circulation Application **[REDACTED]** Applicants fall within any category under Rule 8.24 of the Listing Rules; and (iii) each of the Full Circulation **[REDACTED]** Applicants is an Independent Third Party, the **[REDACTED]** to be held by the Full Circulation **[REDACTED]** Applicants will be counted as part of the **[REDACTED]** of our Company upon the completion of the **[REDACTED]**.

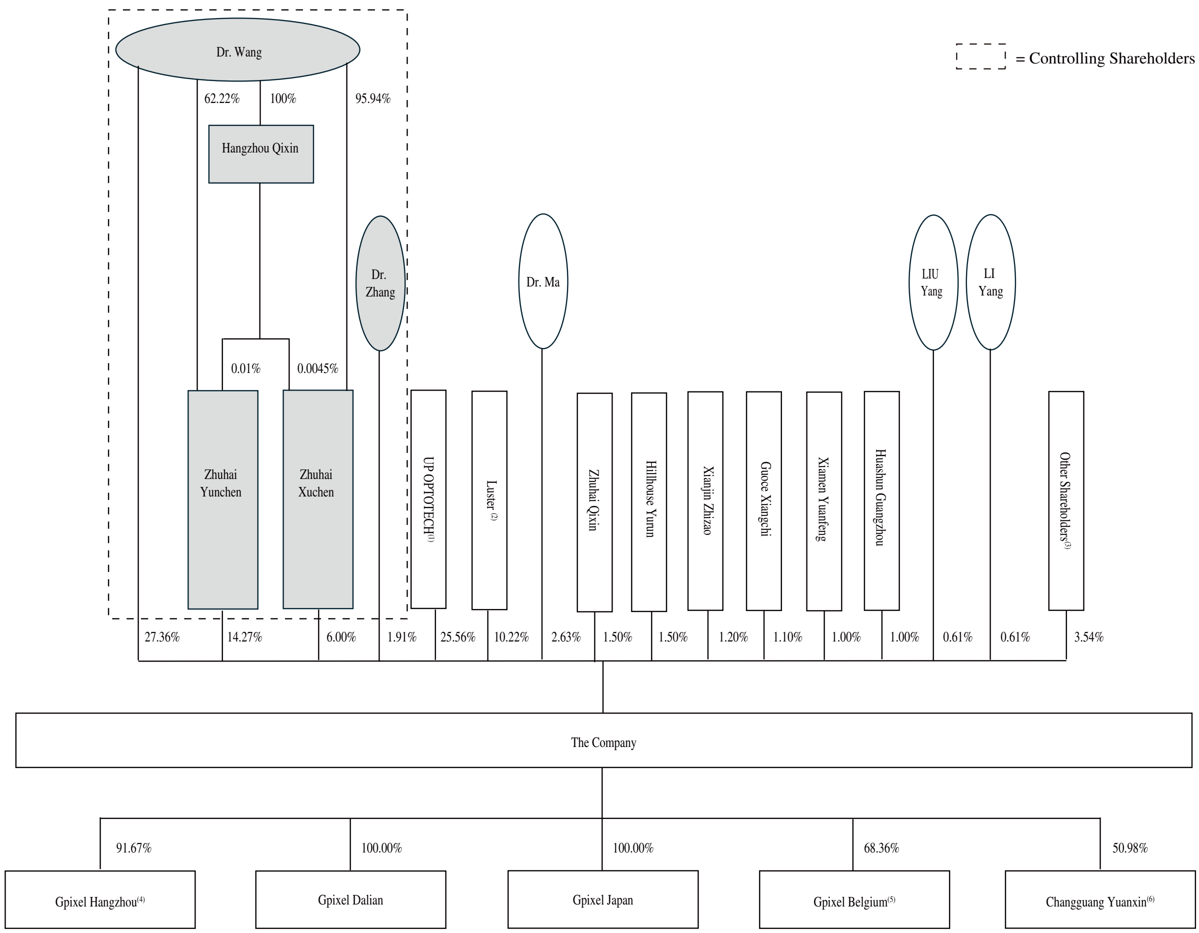
The aggregate of 325,397,000 Shares (including **[REDACTED]** Shares and **[REDACTED]** to be converted after full circulation) held by Dr. Wang, UP OPTOTECH, Zhuhai Yunchen (珠海雲辰), Luster, Zhuhai Xuchen (珠海旭辰), Dr. Ma and Dr. Zhang will not be counted towards **[REDACTED]** upon the completion of the **[REDACTED]** as they are held by our core connected persons. In addition, the aggregate of **[REDACTED]** Shares held by 15 existing shareholders, namely Zhuhai Qixin (珠海祈欣), Hillhouse Yurun (高瓴裕潤), Xianjin Zhizao (先進製造), Guoce Xiangchi (國策驤馳), Xiamen Yuanfeng (廈門源峰), Huashun Guangzhou (華舜廣州), LIU Yang (劉洋), LI Yang (李揚), Juyuan Xincheng (聚源信誠), Wuhu Tuochen (蕪湖拓辰), Suzhou Fangguang (蘇州方廣), Shengyu Huatian (盛宇華天), Zhongke Chuangxing (中科創星), Changzhou Fangguang (常州方廣) and Ningbo Yuxi (寧波雨熙), will not be considered as part of the **[REDACTED]** as such Shares will not be converted into **[REDACTED]**.

Upon completion of the **[REDACTED]** and conversion of **[REDACTED]** Shares into **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are **[REDACTED]** under the **[REDACTED]** Share Option Scheme), the total number of **[REDACTED]** to be counted towards the **[REDACTED]** will be **[REDACTED]**, representing approximately **[REDACTED]**% of our total issued shares. We have applied to the Stock Exchange and the Stock Exchange [has granted] us a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules. See "Waivers and Exemptions — **[REDACTED]**" in this document for details.

OUR CORPORATE AND SHAREHOLDING STRUCTURE

Corporate structure and shareholding structure immediately prior to the completion of [REDACTED]

The table below sets out our shareholding structure immediately before completion of the **[REDACTED]** (assuming no Shares are issued under the **[REDACTED]** Share Option Scheme):



Notes:

(1) UP OPTOTECH is a company established in the PRC on June 26, 2001 with its shares listed on the Shenzhen Stock Exchange (Stock code: 002338.SZ), a substantial shareholder of our Company. As of the Latest Practicable Date, it was owned as to 42.40% by CIOMP, being the de facto controller of UP OPTOTECH.

(2) Luster is a company established in the PRC on August 13, 2002 with its shares listed on the Shanghai Stock Exchange (stock code: 688400.SH). As of the Latest Practicable Date, it was owned as to 48.55% by Ms. YANG Yi, one of our non-executive Directors, comprising 5.11% equity interest directly held by Ms. YANG YI and 43.44% deemed equity interest held by Ms. YANG Yi through YAO Yi (姚毅) (being the spouse of Ms. YANG Yi).

(3) Comprising a total of 16 **[REDACTED]** Investors namely, Shenzhen Jiusi (深圳九思), Juyuan Xincheng (聚源信誠), QIN Hao (覃浩), Wuhu Tuochen (蕪湖拓辰), Suzhou Fangguang (蘇州方廣), Yibin Chendao (宜賓晨道), Shengyu Huatian (盛宇華天), Zhongke Chuangxing (中科創星), Changzhou Fangguang (常州方廣), Pingyang Yuanxin (平陽源新), Zhongke Xiandao (中科先導), Donghu Guolong (東湖國隆), Ningbo Yuxi (寧波雨熙), Zhongke Ketou (中科科投), Thriving Capital (寧波超興) and Jilin Yuanheng (吉林元亨), each holding less than 0.60% of the issued share capital of our Company immediately prior to the completion of the **[REDACTED]**.

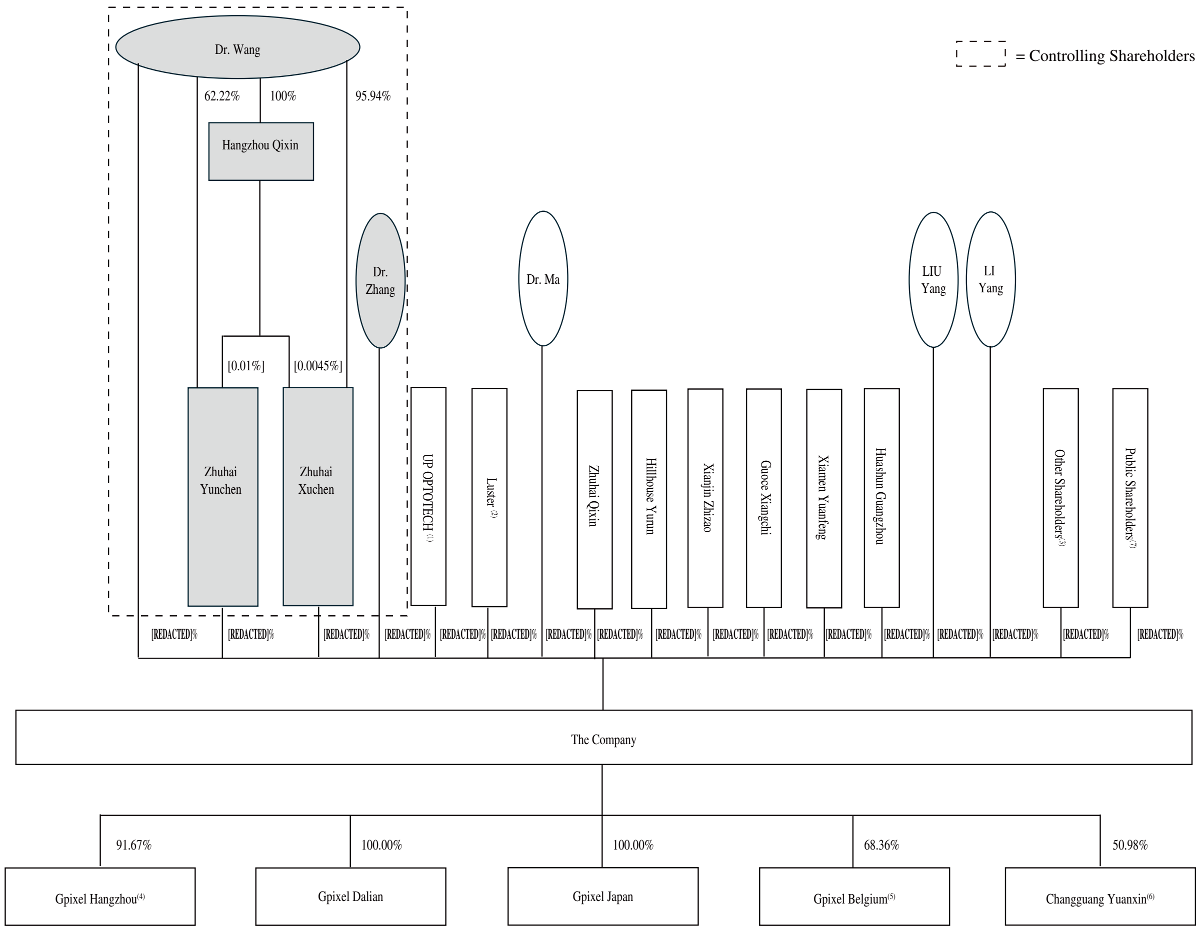
(4) Gpixel Hangzhou was owned as to approximately 91.67% by our Company and 8.33% by Zhejiang Industrial Fund, an Independent Third Party.

(5) Gpixel Belgium was owned as to approximately 68.36% by our Company, 9.29% by Jan Bogaerts, 7.29% by Tim Baeyens, 6.29% by Wim Wuyts, 2.92% by Bart Ceulemans, 2.92% by Tim Blanchaert and 2.92% by Bram Wolfs. Apart from each of Jan Bogaerts, Tim Baeyens and Wim Wuyts, each being either the sole or majority shareholder of the corporate directors of Gpixel Belgium, the other three individuals are employees of Gpixel Belgium and Independent Third Parties.

(6) Changguang Yuanxin was owned as to approximately 50.98% by our Company, 29.41% by LI Yanqing (李彥慶) (a director and general manager of Changguang Yuanxin), 11.76% by Changguang Precision and 7.84% by Changguang Shiyuan.

Corporate structure and shareholding structure immediately following the completion of [REDACTED]

The table below sets out our shareholding structure immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no Shares are issued under the **[REDACTED]** Share Option Scheme):



Notes:

(1)–(6) See the notes to "— Our Corporate and Shareholding Structure — Corporate structure and shareholding structure immediately prior to the completion of **[REDACTED]**

(7) The Shares held by these other public Shareholders are **[REDACTED]**, which will be counted towards the **[REDACTED]** together with **[REDACTED]** to be converted from **[REDACTED]** Shares. See "Share Capital" for further details of the conversion of **[REDACTED]** Shares into **[REDACTED]**.

OUR MISSION

Empowering vision with sensor excellence (用"芯"成就非凡"視"界).

OVERVIEW

We are a global leading provider of high-performance CMOS image sensors. Since our establishment, we have been focusing on the research and development of high-performance CMOS image sensors, offering nine major product series widely applicable to advanced technology fields such as industrial imaging, scientific imaging, professional photography and video, and medical imaging. Our products play a vital role in enhancing the performance and imaging quality of industrial cameras, scientific cameras, professional cinema cameras, and other imaging devices. According to Frost & Sullivan, the global CIS market is projected to accelerate its growth from 2024 to 2029, with total revenue expected to rise from RMB139.1 billion in 2024 to RMB210.3 billion in 2029, corresponding to a CAGR of approximately 8.6%. According to Frost & Sullivan, in terms of industrial imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 15.2% of the global market share. In addition, in terms of scientific imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 16.3% of the global market share.

We have been consistently driven by technological innovation, maintaining our commitment to high-performance CMOS image sensor development while continuously overcoming critical technical challenges. In 2015, we successfully developed the world's first BSI sCMOS image sensor, subsequently expanding into industrial imaging, professional photography and video, and medical imaging sectors, where we have achieved multiple industry "firsts" and pioneering breakthroughs. While pushing technological boundaries and expanding our business scope, we have also attained remarkable operational achievements, as illustrated in the following business milestones:

Market Position	R&D Capability	Financial Performance
3rd Globally, 1st in China in terms of industrial imaging revenue[1]	**49** Registered invention patents[2]	**RMB673 million** Revenue[3]
3rd Globally, 1st in China in terms of scientific imaging revenue[1]	**50.1%** R&D staff ratio[2]; **19.3%** R&D expense ratio[4]	**59.0%** Gross profit margin[3]; **37.0%** Adjusted net profit margin (non-HKFRS)[5]
30+ Countries and regions covered[2]	**National Major Project** 8K Ultra-High-Definition Image Sensing Chip and System Application	**Operating Cash Inflow** An aggregate cash inflow of RMB555.0 million during the Track Record Period

Notes:

1. Ranked among CIS companies in terms of revenue in 2024 according to Frost & Sullivan report
2. As of the Latest Practicable Date
3. For the year ended December 31, 2024
4. Calculated as research and development expenses as a percentage of the revenue for the year ended December 31, 2024
5. Calculated as adjusted net profit (non-HKFRS) as a percentage of revenue for the year ended December 31, 2024

Since our establishment in 2012, we have consistently pursued high-performance innovation, overcoming key technological challenges in CMOS image sensor development. As of the Latest Practicable Date, we had mastered 11 proprietary core technologies, including global shutter pixel, HDR pixel, high-sensitivity pixel, HDR readout circuit, low-noise circuit, high-performance ADC circuit, high-speed readout circuit, TDI image sensor, BSI sensor, 3D imaging sensor, and 3D wafer stacking. These advancements have established a robust technical barrier in pixel design, circuit design, and process development for high-performance CMOS image sensors.

Leveraging cutting-edge technologies, we have taken the lead in numerous national and provincial key R&D projects. These include major initiatives such as the National Science and Technology Major Project "8K Ultra-High-Definition Image Sensing Chip and System Application (8K超高清圖像傳感芯片及系統應用)", as well as key projects including "High-Dynamic Low-Light Image Detection Devices (高動態微光圖像探測器件)" under the "Optoelectronic and Microelectronic Devices and Integration (光電子與微電子器件及集成)" program, and the

"Development of High-Performance ToF 3D Sensing Devices and Their Application in Vision-Guided Autonomous Intelligent Systems (高性能ToF三維感知器件研發及視覺引導自主智能系統應用)" under the "New Generation Artificial Intelligence" initiative. For details, please see "— Research and Development — Our R&D Achievements" in this section.

Our R&D and technological prowess are consistently underscored with national-level awards and recognitions. In 2021, our participation in the "Advanced Manufacturing and Application of High-Performance CMOS Image Sensors (高性能CMOS圖像傳感器先進製造及應用)" project earned us the First Prize of the Jilin Provincial Science and Technology Award (吉林省科學技術一等獎). We were honored with the title of National-Level Specialized, Refined, Unique and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業) in 2022, and we were further recognized as a National Key "Little Giant" Enterprise (國家重點"小巨人"企業) in 2024. In addition, we were first included in the National List of Encouraged Key Integrated Circuit Design Enterprises (國家鼓勵的重點集成電路設計企業清單) in 2021, and have maintained the status thereafter.

Our CMOS image sensor products serve a broad range of applications, currently covering four major application scenarios with continuous expansion into new scenarios:

- *Industrial imaging:* China's core industrial chains, including lithium battery and photovoltaic new energy, AI-powered collaborative robotics, and semiconductor manufacturing, are rapidly advancing toward high-end, intelligent, large-scale, and globalized development. Industrial inspection has become a critical foundation for manufacturing process upgrades, yield assurance, and production efficiency enhancement. According to Frost & Sullivan, the global market for industrial imaging is expected to grow from RMB2.9 billion in 2024 to RMB7.8 billion in 2029, representing a CAGR of 21.5%. Our solutions are deeply embedded across multiple industrial chains, including consumer electronics manufacturing, new energy production, semiconductor front-end and back-end processes, logistics automation, FPD defect detection and PCB inspection.

- *Scientific Imaging:* Supported by favorable policies, technological iteration, application expansion, and accelerated domestic substitution, global demand for high-precision, high-efficiency, and ultra-stable scientific instruments continues to grow, creating substantial market opportunities. According to Frost & Sullivan, the global market for scientific imaging is expected to grow from RMB1.2 billion in 2024 to RMB2.2 billion in 2029, representing a CAGR of 12.8%. Our solutions primarily serve life sciences, astronomy, spectroscopy, pharmaceutical research and large-scale scientific equipment, meeting these fields' stringent requirements for high sensitivity, low noise, and wide dynamic range.

- *Professional Photography and Video:* Driven by AI algorithm advancements, 5G infrastructure development, 3D modeling breakthroughs, and precision optical component innovation, the global professional imaging market is experiencing substantial growth. According to Frost & Sullivan, the global market for professional photography and video is expected to grow from RMB4.5 billion in 2024 to RMB5.9 billion in 2029, representing a CAGR of 5.6%. This expansion stems from both the professionalization of film production and democratization of content creation driving equipment upgrades, as well as consumers' growing demand for professional-grade imaging quality and scenario-specific functionality. Against this backdrop, we launched flagship products for professional cinematography (cinema cameras, broadcast systems, live-streaming/high-speed cameras) in 2021.

- *Medical Imaging:* Globally, and particularly in China, healthcare infrastructure improvements and technological advancements have triggered explosive growth in medical imaging demand, including disposable endoscopes and X-ray detection systems, presenting tremendous market potential. According to Frost & Sullivan, the global market for medical imaging is expected to grow from RMB3.0 billion in 2024 to RMB8.8 billion in 2029, representing a CAGR of 24.4%. As our high-performance CMOS image sensor technology continues to advance and our reputation grows, medical imaging customers in endoscopy and X-ray applications are proactively engaging us to co-develop next-generation core imaging sensors.

We have successfully executed multiple customized CMOS image sensor projects for leading domestic and international manufacturers, delivering superior optoelectronic performance for their next-generation core components. These strategic collaborations enable early market positioning while significantly enhancing customer loyalty. Our customized sensor solutions further strengthen synergy with industry leaders, deepen our market understanding, drive technological advancement, and facilitate our expansion into new markets.

During the Track Record Period, we achieved revenue growth and profitability. Our revenue increased by 11.4% from RMB604.4 million in 2022 to RMB673.0 million in 2024. During the Track Record Period, we recorded a gross profit of RMB460.3 million, RMB384.0 million and RMB396.9 million, respectively, with gross profit margin of 76.2%, 63.5% and 59.0%, respectively. We recorded a net loss of RMB84.1 million in 2022 and a net profit of RMB169.8 million in 2023 and RMB197.0 million in 2024. Excluding share-based payments, we recorded adjusted net profits (non-HKFRS) of RMB293.2 million, RMB222.7 million and RMB249.2

million for the three years ended December 31, 2024. Our operating cash flow remained consistently positive with steady growth, increasing from RMB121.9 million in 2022 to RMB208.3 million in 2023 and further to RMB224.8 million in 2024.

OUR COMPETITIVE STRENGTHS

Global Leader Specialized in High-Performance CMOS Image Sensors

As a global leader in high-performance CMOS image sensors, we focus on developing high-performance CMOS image sensors for industrial imaging, scientific imaging, professional photography and video and medical imaging. These application scenarios represent areas of high growth in the CIS industry, in particular:

- *Industrial imaging:* The increasing demand for automation in industries such as manufacturing and logistics is pushing demand for high-performance CMOS image sensors. These sensors enable defect detection, quality control, and robotics, contributing to the rise in demand for higher resolution and faster processing speeds in factory automation.

- *Scientific imaging:* The scientific imaging industry has growing demand due to advances in research and the increasing use of imaging in areas like microscopy, spectroscopy, and environmental monitoring. Higher resolution, improved sensitivity, and faster readout speeds are essential for capturing more detailed data, driving the growth of CMOS image sensors in this field.

- *Professional photography and video:* The rise of content creation, including photography, cinematography, and broadcasting, continues to boost CMOS image sensors demand. Professional-grade cameras require sensors with higher resolution, improved low-light performance, and enhanced dynamic range. The increasing use of CMOS image sensors in high-end cameras and filmmaking equipment drives steady demand for more advanced and precise sensors.

- *Medical imaging:* CMOS image sensors adoption is driven by the demand for diagnostic techniques and portable imaging devices. Medical applications such as endoscopy, and diagnostic cameras require high-resolution, low-noise sensors to ensure accurate results. The rising focus on patient care and the growing need for real-time, on-site diagnostics are pushing demand for CMOS image sensors in medical imaging technologies.

According to Frost & Sullivan, the global CMOS image sensor market is experiencing modest growth, benefiting from a combination of growth drivers including (i) accelerated technological advancement, such as pixel size reduction, backside illumination, stacked architecture, HDR advancements, improvement of power efficiency and noise reduction; (ii) intelligent upgrades driven by AI integration enabling features such as automatic scene recognition, intelligent noise reduction and dynamic range optimization; and (iii) shift of strategic focus beyond standalone sensor specifications to encompass cross-disciplinary integration. In China, the CMOS image sensors industry is benefited from additional support by strategic government policies and industry funds for accelerated domestic substitution and strengthened self-reliance. For example, the medical imaging sector reached a global market size of RMB3.0 billion in 2024, and is expected to maintain strong growth, reaching RMB8.8 billion by 2029, with a projected CAGR of 24.4% from 2024 to 2029. The industrial imaging market is also expected to further expand from RMB2.9 billion to RMB7.8 billion with a CAGR of 21.5% in the period from 2024 to 2029. The scientific imaging market is expected to grow from RMB1.2 billion in 2024 to RMB2.2 billion in 2029 with CAGR of 12.8%. According to Frost & Sullivan, in terms of industrial imaging revenue in 2024, we ranked third among global CIS companies, accounting for 15.2% of the global market share. In addition, in terms of scientific imaging revenue in 2024, we ranked third among global CIS companies, accounting for 16.3% of the global market share.

Leveraging our deep expertise in high-performance CMOS image sensors, our sensors have been exported to over 30 countries and regions worldwide. In 2024, our overseas revenue accounted for 26.0% of our total revenue, demonstrating our strong global competitiveness.

Independent Technology Moat Through 13 Years of Relentless Innovation

Since our establishment in 2012, we have remained committed to technological R&D and innovation, consistently focusing on high-performance positioning and overcoming key technical challenges in CMOS image sensor development. Our technological advancements have been achieved through the following approaches:

- *Technology-Driven Independent Cutting-Edge R&D:* Led by Dr. Wang, our founding team leveraged their expertise and industry experience to develop proprietary technologies in high-dynamic-range pixel design, global shutter pixel architecture, variable resolution, adjustable pixel size, and on-chip ADC design. With 13 years of independent R&D, we have established 11 core proprietary technologies, including global shutter pixel, HDR pixel, high-sensitivity pixel, HDR readout circuit, low-noise circuit, high-performance ADC circuit, high-speed readout circuit, TDI image sensor, BSI image sensor, 3D imaging sensor, and 3D wafer stacking. These innovations have enabled us to build a strong technical moat in pixel design, circuit design, and process development, allowing our products to rival global industry leaders in performance while delivering large format, high resolution, high sensitivity, low noise, high frame rate, and high quantum efficiency capabilities.

- *Customized Sensor Solutions for Global Industry Leaders:* Our advanced engineering capabilities have made us a trusted partner for leading companies and research institutions worldwide. Customized sensor solutions typically present a higher technological barrier, according to Frost & Sullivan. We have completed multiple custom CMOS image sensor projects, helping customers accelerate prototyping and mass production of next-generation products. These engagements complement our in-house R&D, driving iterative improvements and keeping us at the forefront of industry trends. For the three years ended December 31, 2024, our customized sensor solutions contributed revenue amounting to RMB43.8 million, RMB98.4 million and RMB162.2 million, respectively.

- *National Key R&D Programs and Major Science & Technology Projects:* Participation in state-level initiatives, such as the National Science and Technology Major Project, aligns us with China's strategic priorities and fosters partnerships with top-tier research institutions and tech enterprises. These collaborations address critical technological challenges and industry pain points. Notably, we spearheaded the development of an 8K ultra-high-definition image sensing chip and system, delivering China's first full-frame, BSI, stacked CMOS sensor, breaking reliance on foreign imports for ultra-HD imaging solutions.

Our achievements stem from sustained R&D investment. During the Track Record Period, our R&D expenditure grew from RMB84.2 million in 2022 to RMB130.2 million in 2024. As of the Latest Practicable Date, we held 49 registered invention patents globally.

Independent Industry Chain Development and Integration Through In-house Packaging & Testing Verification System and Strategic Expansion

We place paramount importance on achieving autonomous control and vertical integration within our supply chain. To this end, we have established a comprehensive support system that spans the entire CMOS image sensor R&D lifecycle. In particular:

- *Independent Testing Platform Development:* We have constructed a full-process testing platform system encompassing wafer testing, full optoelectronic verification, reliability testing, and final sensor testing. Equipped with advanced instruments such as system-level sensor testing sorters, wafer probe stations, and thermal cycling chambers, this platform provides a stable testing environment tailored to both R&D and mass production requirements for CMOS image sensors.

- *Intelligent Inspection System Development:* To meet stringent sensor inspection standards, we independently developed sensor and wafer data analysis systems. Utilizing a multi-threaded testing architecture, we achieve fully automated detection and data analysis, significantly reducing reliance on external testing service providers.

- *Packaging Capacity Expansion:* We have strategically expanded into sensor packaging, with production capacity ramped up. Our current monthly high-reliability ceramic packaging output exceeds 20,000 units, and we expect to effectively supplement our in-house packaging capabilities within the next two to three years.

While strengthening our autonomous capabilities, we continue to deepen collaboration across the industry chain. In particular:

- *Strategic Supplier Partnerships:* We maintain long-standing, stable partnerships with leading global suppliers in wafer foundries, sensor packaging, ceramic housings, cover glass, and other critical areas. We have established long-term direct supply relationships with top-tier partners, including Tower and DB HiTek (the world's leading foundries), as well as Kyocera (the world's largest advanced ceramics supplier), ensuring both the security and cost efficiency of key material supplies. At the same time, we adhere to a diversified supplier strategy. According to each project's unique requirements, we employ a dynamic selection mechanism based on a multi-dimensional evaluation system encompassing, among others, technical capabilities, product performance, cost and lead times. This data-driven approach not only optimizes the balance between performance and cost-effectiveness but also mitigates risks associated with single-supplier dependency, reinforcing long-term supply chain stability and security.

- *Forward-Looking Industrial Investments:* We have made strategic investments in key segments of the CMOS image sensor manufacturing chain, including wafer foundry, sensor packaging, packaging materials, and ISP technology. As these invested companies achieve technological breakthroughs and expand production capacity, we anticipate further improvements in supply chain responsiveness and cost competitiveness.

Comprehensive Collaboration with a Global Network of Customers

We specialize in high-tech fields such as industrial imaging, scientific imaging, professional photography and video, and medical imaging. These sectors impose stringent requirements on the performance parameters, reliability, and supply chain stability of CMOS image sensors, with high technical barriers and typically lengthy customer validation cycles. Once our products pass customer certification and enter their supply chain, we are usually establishing long-term and stable partnerships. In addition, we provide tailored solutions for globally renowned customers, allowing us to deeply understand their needs, address pain points, and further strengthen strategic collaboration.

With years of expertise in the CMOS image sensor industry, our customer base spans leading domestic and international industrial imaging equipment manufacturers, scientific instrument producers, system integrators, and top-tier research institutions. Notable partners across four key application areas, namely, industrial imaging, scientific imaging, professional photography and video, and medical imaging, include global industry leaders, prestigious research institutes as well as prominent Chinese companies like Hikrobot, Tucsen, and I-TEK Optoelectronics.

Dedicated and Experienced Management Team Complemented by a Forward-Looking and Global Talent Pipeline

Our management team comprises seasoned professionals with extensive industry experience and strategic insight, boasting over a decade of hands-on expertise in sensor technology, pixel design R&D, commercialization, operations management, and financial planning. The team's highly stable governance structure and collaborative entrepreneurial culture serve as the core driving force behind our technological iteration, market expansion, and long-term strategic execution. Our founder, Dr. Wang, holds a bachelor's degree in Applied Electronics from Zhejiang University, a master's degree in Microelectronics Systems Design from the University of Southampton, and a doctoral degree with a research focus in CMOS image sensor from Delft University of Technology. With over 16 years of deep expertise in the CMOS image sensor industry, Dr. Wang has made significant contributions to our R&D and advancement in CMOS image sensors. Guided by a technology-driven philosophy, he has fostered a culture of innovation, spearheaded multiple technological breakthroughs, and led the development of several flagship products, enabling our technical capabilities to progressively rival those of global industry leaders. With Dr. Wang's relentless commitment to innovation and forward-looking strategic vision, we have cultivated differentiated competitive advantages and established a leading position in the global industrial imaging and scientific instrumentation markets.

In terms of talent development, we prioritize attracting and nurturing outstanding professionals, recognizing them as the cornerstone of our sustained growth. We have implemented a robust compensation system and talent management framework, building a high-caliber team of skilled and experienced specialists. As of December 31, 2024, we had a total of 401 employees, including 20 Ph.D. holders, 181 Master's degree holders, and 151 Bachelor's degree holders. Our R&D team comprises 201 members, representing 50.1% of the total workforce. Beyond our R&D centers in Changchun, Hangzhou, and Dalian, we expanded our global footprint by establishing subsidiaries in Japan in 2016 and Belgium in 2018, recruiting local experts to strengthen our R&D capabilities. Through seamless collaboration between our domestic and international teams, we have built a globally integrated R&D system, laying a solid foundation for technological and product innovation. In addition, we emphasize talent retention through various types of share-based incentives with broad participation.

OUR DEVELOPMENT STRATEGIES

Relentless Focus on Technological Innovations and Product Iterations to Lead Global Advancement of High-Performance CIS Technology

We are committed to increasing our R&D investments to drive continuous innovation and technological advancement in CMOS image sensor development. Our roadmap focuses on pioneering next-generation pixel architectures and sensor solutions leveraging cutting-edge process nodes and platforms, cementing our position at the forefront of global CMOS image sensor technology evolution.

Our pixel design strategy encompasses breakthrough developments across multiple technology platforms, including FSI, BSI and stacked architectures. We are advancing high-performance global shutter pixels for precision imaging applications, developing next-generation rolling shutter solutions, and enhancing TDI pixel technology for specialized use cases. These innovations will push the boundaries of sensitivity, dynamic range, and speed across various imaging applications.

Our circuit development initiatives target optimized performance across multiple process nodes through ultra-low-noise readout circuits that maximize signal integrity, high-speed control and readout architectures enabling faster frame rates, precision ADCs for superior image quality, and power-optimized readout solutions for energy-efficient operation. These advancements will deliver measurable improvements in key performance parameters for our sensor portfolio.

We are developing specialized process technologies to extend our sensors' detection capabilities across the electromagnetic spectrum. This includes enhanced UV sensitivity for scientific and industrial applications, optimized visible light performance for mainstream imaging, and improved IR response for specialized sensing needs. These developments are expected to open new market opportunities and application spaces for our technology solutions.

Commitment of Further Resources to Existing and Evolving Application Scenarios and Enhancement of Our Capabilities Beyond Sensor Design

Through years of technological accumulation and product innovation, we have earned widespread market and customer recognition in industrial imaging and scientific instrumentation. We will further consolidate our leadership in these domains by deeply understanding market demands and adopting a dual approach combining customized sensor solutions with standardized products to increase market share.

Concurrently, we are accelerating expansion into medical imaging and professional photography and video sectors. According to Frost & Sullivan, the medical imaging sector reached a global market size of RMB3.0 billion in 2024, and is expected to maintain strong growth, reaching RMB8.8 billion by 2029, with a projected CAGR of 24.4% from 2024 to 2029. According to Frost & Sullivan, the global market for professional photography and video is expected to grow from RMB4.5 billion in 2024 to RMB5.9 billion in 2029, representing a CAGR of 5.6%. By collaborating closely with industry leaders through tailored services and strategically developing standard products for these fields, we aim to address growing application-specific demands.

To enhance our capabilities beyond sensor design, we are scaling up our packaging and testing operations through cleanroom expansions and advanced equipment procurement. This capacity boost, coupled with strengthened technical synergies with upstream suppliers and downstream partners, will foster a win-win global supply chain ecosystem, positioning us as the driving force in high-performance CMOS image sensor industry advancement.

Continuous Expansion of Our High-Quality Domestic and International Customer Base

While maintaining our strong commitment to existing customers, we will leverage our proprietary cutting-edge technologies to systematically expand our customer base across four application scenarios, optimizing our customer portfolio for sustainable growth.

To strengthen our global presence, we are enhancing our international marketing capability by expanding our sales and technical support networks. Building on our existing subsidiaries in Belgium and Japan, we will integrate global marketing resources and develop comprehensive customer acquisition channels to significantly increase our market share in the CMOS image sensor industry.

We believe this approach, combining technological differentiation with strategic geographic expansion, will solidify our position as a global leader while driving measurable business growth.

Development into a Global Hub for High-Performance CMOS R&D Talents

To drive continuous innovation and sustainable growth, we will continue to implement a comprehensive talent strategy that combines competitive recruitment with systematic development programs. We will establish attractive compensation and incentive mechanisms to attract top industry professionals while implementing a blended learning approach incorporating both internal training and external development opportunities. This dual focus will enable us to build a world-class team of multidisciplinary experts proficient in both sensor design and pixel design, a critical capability for maintaining our technological leadership.

Furthermore, we will step up our investment in elite talent acquisition to establish our organization as a global hub for high-performance CMOS research and development talents. Through strategic partnerships with academic institutions, and cutting-edge research facilities, we aim to create the industry's premier destination for imaging sensor innovation.

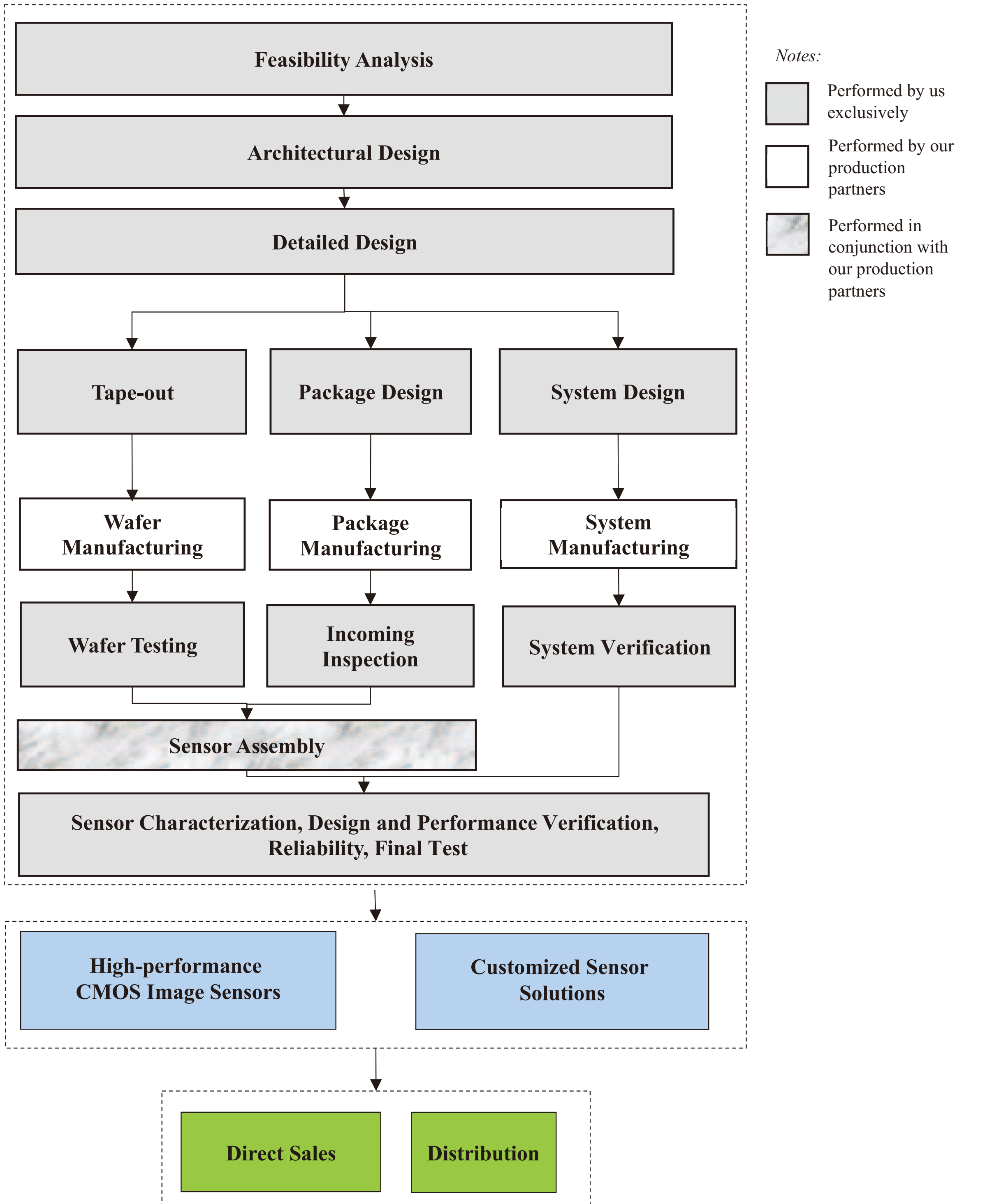
OUR BUSINESS MODEL

We operate under a fabless business model, which means we focus primarily on the design, development, testing, and sales of high-performance CMOS image sensors while outsourcing the wafer manufacturing processes to world-class production partners. This approach allows us to concentrate on our core competencies in innovation and product design, while leveraging the specialized expertise of industry-leading manufacturers for wafer fabrication. By collaborating with production partners, we ensure that our high-performance CMOS image sensors meet the highest standards of quality, reliability, and performance. Crucially, we retain full control over core value-added processes, including sensor design, wafer testing, and final sensor testing, ensuring quality and performance meet stringent industry standards. This hybrid approach, combining in-house expertise with strategic outsourcing, allows us to maintain flexibility, reduce capital expenditure, and focus on innovation in high-performance imaging technology.

In terms of sales and marketing strategy, we employ a primarily direct sales supplemented by distributorship model. Given the high technology nature of our products, which requires deep technical understanding, we primarily leverage our dedicated sales team to engage end customers directly, particularly in industrial imaging, scientific imaging, professional photography and video and medical imaging. While sales through distributors account for a relatively small portion of our revenue, we have a network of distributors, which enables us to rapidly establish regional sales networks and enhance market penetration. This sales model aligns with our customer-centric approach, enabling close collaboration with customers to deliver tailored imaging solutions.

We emphasize quality control in all aspects of our operations, including product development, component sourcing, product assembly and delivery. We apply strict quality control standards and have implemented various quality control checks to ensure that our products meet our customers' expectations as well as international and industry standards. We also require our business partners, including wafer manufacturers, components suppliers, assembly service providers, and delivery service companies, to apply their stringent quality control standards and meet our internal requirements.

Set forth below is a diagram which illustrates our business model:

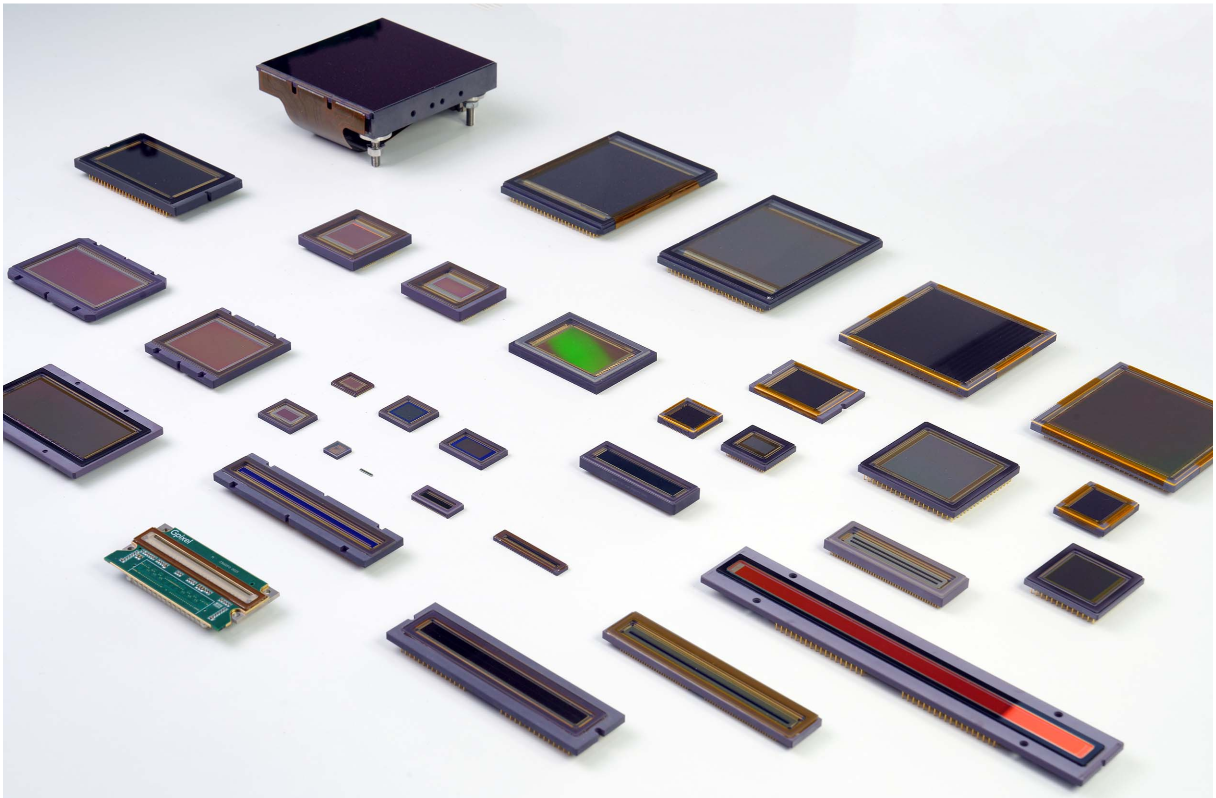


We operate a vertically integrated business model that combines in-house expertise with strategic outsourcing to deliver high-quality semiconductor products. At the core of our operations is sensor design, which is exclusively handled by our in-house R&D department that then sends the designs to third-party wafer foundries for fabrication. We conduct wafer-level testing while simultaneously procuring ceramic and glass components from suppliers. These materials are sent to us for incoming quality inspection before being outsourced to packaging houses for assembly. The packaged sensors return to us for final testing. While most packaging are outsourced to our production partners, we have gradually taken some packaging capability in-house through our subsidiary Changguang Yuanxin since 2022. We maintain full control over the critical value-added processes of sensor design, wafer testing, and final sensor testing, aligning with industry standards for such fabless semiconductor operations.

OUR PRODUCTS AND SOLUTIONS

We have developed a comprehensive portfolio of high-performance CMOS image sensors, comprising nine major product series with over 50 standard products as of the Latest Practicable Date. In addition, we provide customized sensor solutions when the standard off-the-shelf products available in the market cannot meet the demanding requirements of the targeted applications. The customized sensor solutions empower our customers, leading manufacturers in their specific areas such as high-end industrial inspection, scientific instruments, medical or prosumer applications, to develop their future generation products with customized cutting-edge high-performance CMOS image sensors.

The following diagram illustrates a collection of our product portfolio:



Our standard products and customized sensor solutions offer a diverse range of high-performance CMOS image sensors, distinguished by large format, high resolution, high sensitivity, low noise, high frame rate, high quantum efficiency, as well as a wide spectrum beyond the visible range. With close collaboration with our customers and the drive for superior specifications, we are committed to continuous iterations of our products leveraging our rich technology portfolio. For example, in 2024, we have introduced more than ten new products, strategically expanding our presence in cutting-edge fields such as high-speed imaging and high-end industrial inspection, achieving breakthrough advancements in high-performance CMOS sensor technology and reaching globally leading technical standards.

Our high-performance CMOS image sensors can be categorized by pixel arrangement into (i) area array sensors and (ii) linear array sensors. Area array sensors feature pixels arranged in a two-dimensional matrix, allowing them to capture a complete 2D image in a single exposure. In contrast, linear array sensors have pixels arranged in lines and capture 2D images by scanning objects moving at a constant speed perpendicular to the sensor's orientation. Beyond standard offerings, we provide customized sensor solutions tailored to specialized industry needs.

The following table sets forth our revenue breakdown by pixel arrangement during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
High-performance CMOS Image Sensors	**559,662**	**92.6**	**505,038**	**83.5**	**510,330**	**75.8**
Area array sensors	402,054	66.5	409,569	67.7	414,862	61.6
Linear array sensors	147,334	24.4	87,169	14.4	81,790	12.2
Other components	10,274	1.7	8,300	1.4	13,678	2.0
Customized Sensor Solutions	**43,752**	**7.2**	**98,366**	**16.3**	**162,197**	**24.1**
Others	**993**	**0.2**	**1,431**	**0.2**	**521**	**0.1**
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

The following table sets forth a breakdown of the number of our products sold during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	Sales volume (thousand units)	*Average Selling Price (RMB per unit)*	*Sales volume (thousand units)*	*Average Selling Price (RMB per unit)*	*Sales volume (thousand units)*	*Average Selling Price (RMB per unit)*
Area array sensors	90	4,467	129	3,175	206	2,014
Linear array sensors	48	3,069	84	1,038	155	528
Other components	3	3,425	3	2,767	33	414
Total	**141**	**3,969**	**216**	**2,338**	**394**	**1,295**

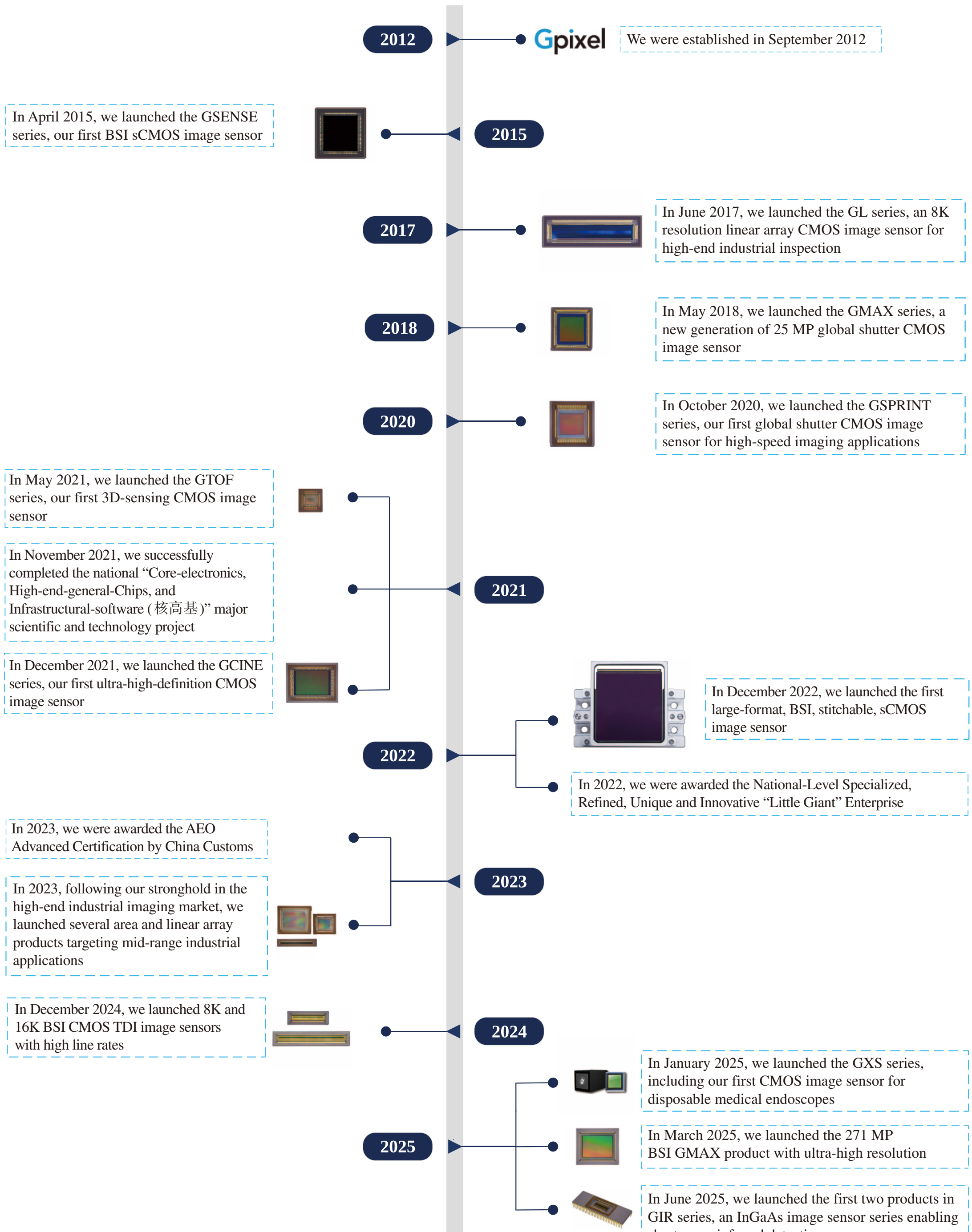
Our products can also be categorized by their application scenarios, each with distinct technical priorities and R&D focuses. Currently, the major application scenarios of our projects include (i) industrial imaging; (ii) scientific imaging; (iii) professional photography and video; and (iv) medical imaging. Our industrial imaging solutions emphasize on market-driven optimization, where we tailor sensors for specific industrial use cases (e.g., semiconductor inspection, high-speed production lines, etc.), balancing speed, power efficiency, and robustness. Our scientific imaging solutions are focused on pushing technological boundaries where we prioritize breakthrough innovations (e.g., ultra-low-light detection) to serve advanced research and instrumentation. Our professional photography and video solutions have core R&D focus on superior dynamic range, low-light performance, and color fidelity, enabling premium imaging in challenging environments. Our medical imaging solutions focus on sensor customization for endoscopy and medical X-ray applications.

The following table sets forth our revenue breakdown by our major application scenarios during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Industrial imaging	299,293	49.5	327,524	54.2	446,550	66.3
Scientific imaging	287,096	47.5	253,952	42.0	192,405	28.6
Professional photography and video	6,751	1.1	13,629	2.3	9,807	1.5
Medical imaging	—	—	—	—	20,236	3.0
Others	11,267	1.9	9,730	1.5	4,050	0.6
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

Development Milestones

Below is an illustration of our major business milestones since establishment:



Our Product Series

As of the Latest Practicable Date, we had developed nine series of CMOS image sensors primarily designed for high-tech application scenarios including industrial imaging, scientific imaging, professional photography and video and medical imaging. These sensors possess advanced features, including large photon-sensitive surfaces, high resolution, exceptional sensitivity, wide dynamic range, low noise, superior quantum efficiency, and ultra-high-speed performance. The below table sets forth the major features, representative application scenarios and representative products of our CMOS image sensors based on the different product series:

Product series	Pixel arrangement	Major features	Representative application scenarios
GMAX	Area array	The GMAX is our global shutter sensor product family, designed to take full advantage of high-speed industrial camera interfaces while providing the performance and features required for imaging-as-measurement applications like factory inspection, automation, traffic monitoring and aerial mapping. In the GMAX product family, we offer global shutter pixel sizes ranging from 2.5 μm to 6.4 μm and resolutions from 2.4 MP to 152 MP. In 2024 we also introduced a 271MP sensor with 1.5 μm rolling shutter pixel for high-end industrial inspection.	wide application range for high-end industrial inspection, such as solar panel and new energy production line inspection, machine vision and factory automation
GSPRINT	Area array	The GSPRINT is our high-speed global shutter product family, including the 2MP, 10MP and 21MP FSI sensors, as well as the most recent 2MP and 14MP BSI sensors.	high-speed imaging for industrial inspection and scientific imaging where high-speed is essential
GSENSE	Area array	The GSENSE is a world leading sCMOS image sensor product family, featured with correlated multiple sampling for extremely low noise, true high dynamic range, optional BSI technology for quantum efficiency of up to 95%, as well as high frame rate outperform typical sCMOS image sensors and CCD devices.	scientific imaging, astronomical imaging

Product series	Pixel arrangement	Major features	Representative application scenarios
GL	Linear array	The GL product family comprises a wide range of horizontal resolutions, ranging from 2k to 16k, with line rates of up to 1 MHz. These sensors feature pixel sizes of 3.5 μm, 5 μm, 7 μm, and 14 μm, providing a comprehensive selection to suit diverse linear array applications.	industrial inspection, semiconductor inspection, DNA sequencing, color sorting,
GLUX	Area array	The GLUX is a BSI, scientific grade CMOS image sensor product family combining sub-electron noise performance and high sensitivity.	ultra-low light imaging in scientific and surveillance applications
GCINE	Area array	The GCINE is our flagship product family of products utilizing BSI to achieve high sensitivity and exceptional dynamic range.	professional photography and video
GTOF	Area array	The GTOF is an iToF image sensor product family featuring a 5 μm 3-tap state-of-the-art iToF pixel utilizing BSI stacking technology, offering high accuracy depth sensing and distance measurement applications.	vision guided robotics, bin picking, factory automation
GXS	Area array	The GXS product family is an ultra-miniature BSI image sensor available either as sensor itself or as a camera module equipped with wafer level optics.	medical endoscopy
GIR	Linear array	The GIR product series enables us to detect short wave infrared from 0.9 μm–1.7 μm.	semiconductor inspection, industrial detection, intelligent sorting, and spectral analysis applications

Customized Sensor Solutions

To meet the specialized requirements of some of industry-leading customers, we also offer customized CMOS image sensor solutions. These tailored services encompass feasibility studies, detailed sensor design, ceramic packaging design, electronic system development, prototype fabrication, functional testing, and reliability verification. We are typically engaged to complete all work packages and provide sensor prototypes which meets the specific requirements as the final deliverables of the projects.

Our advanced engineering capabilities have made us a trusted partner for leading companies and research institutions worldwide. Customized sensor solutions typically present a higher technological barrier, according to Frost & Sullivan. We have completed multiple customized CMOS image sensor projects, addressing the needs of the various industries, and providing customers with unique technical advantages for their targeted applications. These engagements complement our in-house R&D, driving iterative improvements and keeping us at the forefront of industry trends. In addition, these engagements enable early market positioning while significantly enhancing customer loyalty. Our customized sensor solutions further strengthen synergy with industry leaders and facilitate our expansion into new markets.

Case Study

In recent years, OLED and micro-OLED represents a significant leap in display technology, particularly for VR and AR applications. Compared to traditional LED displays, the OLED display is becoming the preferred choice for portable VR/AR devices, because of several advantages:

— ultra-fast response time, which is critical for reducing motion blur; and

— higher pixel density, which is crucial for near eye clarity and immersive experience.

The typical pixel size for OLED ranges from around 150 μm for monitors/TV displays, 50–80 μm for smartphones/tablets, to below 10 μm for near-eye displays. As the pixel size shrinks, the manufacturing process requires higher precision, better dust particle and contamination control. In order to achieve reasonable yield and bring affordable displays to the market, ultra-high resolution inspection and metrology tools for the micro-OLED production lines are in urgent demand.

Building upon these industry trends, one of our customers — a leading company in the semiconductor, display, and new energy testing industries — evaluated a standard off-the-shelf sensor available in the market with 250MP resolution. Seeking higher resolution, increased sensitivity, lower noise and faster frame rate, the customer initiated a customization design enquiry to us in early 2023. Following a feasibility study, we entered into a customization design contract with the customer in April 2023. Subsequently, detailed technical annexes were signed after concluding further analysis of pixel and circuitry architectures.

In early 2025, we delivered a prototype sensor to the customer for evaluation. The sensor features a 1.5 μm rolling shutter pixel, a resolution of 271 megapixels, and operates at 8.5 frames per second. Utilizing a BSI, it achieves high sensitivity. This sensor offers state-of-the-art sensor specifications, making it ideal for micro-OLED inspection and metrology tools.

According to the customer's feedback, the sensor, combined with the customer's proprietary single-pixel luminance and color extraction algorithm, enables high precision defect inspection for the high-resolution Micro-OLED displays available in the market. It can accurately identify defects down to the subpixel level (1/3 dot), even in micro-displays with resolutions up to 3800×3000. The superior sensor performance, particularly ultra-low noise and high dynamic range, unlocks the possibility for detecting and compensating low-grey-level defects.

In May 2025, the customer signed a completion certificate, officially confirming our fulfillment of the customization design contract. This case study exemplifies how our custom design solutions address the needs of the various industries, and provide the customer with a unique technical advantage for their targeted applications.

Products Categorized Based on Application Scenarios

Our CMOS image sensor products are widely used across various fields, currently covering four major application scenarios, including (i) industrial imaging (ii) scientific imaging; (iii) professional photography and video and (iv) medical imaging, with continuous expansion into other application areas.

Industrial Imaging

Industrial imaging is widely used in various manufacturing and production lines to automate, control, inspect, and analyze different industrial processes, such as dimensional measurement, component alignment, robotic guidance, object recognition and sorting, and defect inspection and detection. Industrial imaging enhances precision, throughput, efficiency, and quality control in various industries, such as photovoltaic, new energy, semiconductor, automotive, textile, printing, pharmaceutical, food and beverage industries. The typical applications of industrial imaging solutions include (i) factory automation; (ii) logistic and positioning; (iii) motion capture; and (iv) industrial inspection and metrology.

- *Factory Automation:* Vision-based systems are increasingly the go-to system for factory automation. From computer vision in robots to high-speed automated optical inspection and scanning barcodes, there are a wide range of camera systems, each with their own specific resolution and frame rate requirements. Our industrial portfolio offers a wide range of sensors to meet our customers' exacting requirements.

- *Logistic and Positioning:* Imaging technologies play an important role in modern logistics and positioning systems, enabling automation, real time tracking, and efficient handling of goods. Typical applications include automated guided vehicles, autonomous mobile robots, barcode/QR code scanning, conveyor belt and parcel sorting, etc. Logistics and positioning applications typically employ two main vision system devices: fixed camera systems and handheld devices. The fixed camera system is read at large working distance, so it requires high accuracy and high frame rate to achieve a large throughput, and it is usually necessary to use a global shutter to eliminate shutter artefacts. Smaller and lighter handheld devices are used at shorter distances, so they can use image sensors with lower resolution, rolling or global shutter, and are typically lower cost. Either area array or linear array sensors may be used. Our industrial GMAX and GL portfolios offer a wide range of sensors to meet our customers' exacting requirements.

- *Motion Capture:* Motion Capture refers to the technology of recording and processing the movements of people or other objects. It is widely used in entertainment, medicine, and robotics. Fast action shooting and the ability to synchronize multiple sensors are the key to this application. Our GMAX and GSPRINT product lines combine the characteristics of global shutter, high frame rate, and high resolution to meet the needs of this application.

- *Industrial Inspection and Metrology:* industrial inspection and metrology rely on high-performance image sensors as well as advanced optics, to ensure micron level accuracy defect detection and quality assurance in advanced manufacturing, such as semiconductor and electronics, flat panel displays, automotive, medical devices, and aerospace industry. We offer a wide selection of sensor size/optical formats in the industrial GMAX product line, as well as a large number of linear sensors in the GL product line.

Scientific Imaging

When a camera is required to visualize strands of DNA, zoom in on live cells using low-energy microscopy or capture the death of a distant star in real-time, a specialized image sensor is required to match the extreme performance requirements of the specific application. Historically, such specialized scientific image sensors have high technical barriers which have now been addressed by our range of high-performance CMOS image sensors, and specifically our GSENSE family. The typical applications of scientific imaging solutions include (i) microscopy and nanoscale imaging; (ii) life sciences; (iii) astronomy; (iv) high-speed imaging.

- *Microscopy and nanoscale imaging:* Advanced microscopy uses ambient light intensity to reduce the potential damage to the sample. In order to obtain a high signal-to-noise ratio in a weak signal environment, CMOS image sensors have high sensitivity, low readout noise and high frame rate. For high-end nanoscale imaging, such as scanning electron microscopy or transmission electron microscopy, similar specifications for sensitivity, noise and frame rate are required, but normally these applications require higher resolution, larger photo-sensitive area and pixel binning possibilities.

- *Life Sciences:* Image quality is of utmost importance for scientific research to achieve major breakthroughs. Whether it is fast and accurate gene sequencing or low-light detection, it is necessary to choose a CMOS image sensor with high frame frequency, high sensitivity, high quantum efficiency and low readout noise. The quantum efficiency of our scientific and back-illuminated CMOS image sensors can be comparable to that of electron-multiplying CCD, which fully meets the requirements of image quality in the field of life science imaging.

- *Astronomy:* From the exploration of the universe by scientists to the observation of the starry sky by astronomy enthusiasts, astronomical cameras need to support ultra-long exposure with extremely low noise. Our sensor portfolio combines the characteristics of high frame frequency, low readout noise and high sensitivity, and can reduce the impact of dark current noise through the superposition of multi-frame short exposure images. Our line of GSENSE and GLUX image sensors also have high dynamic range characteristics, appealing to astronomers and astronomy enthusiasts.

- *High-Speed Imaging:* Our GSPRINT line of products combines fast frame rates, short exposure times, and high sensitivity to enable capturing instantaneous processes that cannot be observed by human eyes. High-speed cameras enable detailed analysis of fast moving phenomena across multiple disciplines, such as fluid dynamic analysis, biomechanics, motion analysis, manufacturing stress testing, and automotive crash testing.

Professional Photography and Video

Image sensor requirements for professional photography and video continue to rise with growing prevalence of high-definition screens of 4K and 8K resolutions. Combining ultra-high imaging performance and image quality that are capable of delivering scientific and laboratory-level imaging applications with the high frame rates required by automation and inspection systems, our range of image sensors are ideal for professional photography and video. The typical applications of professional photography and video solutions include (i) cinematography and streaming cameras; and (ii) still photography.

- *Cinematography and streaming cameras:* a wide variety of video productions, from small-budget independent documentaries to Hollywood blockbusters, or from consumer drone videography to the future live action 3D AR/VR streaming cameras, drive the demand for sensors capable of handling massive data volumes while maintaining exceptional image quality, requiring at least a 40-megapixel sensor that captures 60 fps. Our GCINE sensor line meets the rigorous demands of these applications, delivering 8K resolution at 120 fps, outstanding dynamic range, and advanced on-chip HDR modes.

- *Still photography:* CMOS image sensor, key component of still photography, determines resolution, dynamic range, low-light performance, and color accuracy. In order to achieve high image quality, the sensor is normally processed by BSI or stacking technology, with resolution of 30MP or higher and with optical format of 2/3 inch, 1 inch, APS-C, or full-frame.

Medical Imaging

Many fields of medicine and related disciplines benefit from digital imaging, from diagnosing illness to guiding interventions. Images need to be accurate, highly detailed and acquired quickly to optimize outcomes and minimize patient discomfort. High sensitivity, low readout noise and high dynamic range are main requirements to capture detailed information with high contrast and good signal-to-noise ratio, helping doctors accurately diagnose conditions earlier. The typical applications of medical imaging include (i) X-ray; and (ii) endoscopy.

- *X-Ray:* Compared with traditional film-based dental X-ray systems, CMOS-based systems reduce the X-ray dose borne by patients. In addition, the captured images can be displayed immediately with high resolution and low noise. We have been providing customized sensor solutions for X-ray imaging applications.

- *Endoscopy:* Endoscopy integrates high resolution cameras modules with light source and real time image processing to visualize internal organs and tissues for diagnosis, surgery, and therapeutic interventions. Most image sensors for endoscopy are designed with BSI or stacking process for dimension minimization while carefully balancing with resolution and sensitivity. Wafer level optics may be integrated as well and provided in the form of camera module. We have been providing customized sensor solutions using stacking process. In addition, we also introduced the GXS series with BSI technology, in the form of image sensor or camera module as our endeavor in medical imaging applications.

Key Technologies

Leveraging our independent R&D and industrial accumulation, we have developed a series of proprietary core technologies protected by intellectual property rights, including global shutter pixel, HDR pixel, high-sensitivity pixel, HDR readout circuit, low-noise circuit, high-performance ADC circuit, high-speed readout circuit, TDI image sensor, BSI image sensor, 3D imaging sensor and 3D wafer stacking. These innovations span pixel design, circuitry architecture, and process development. By effectively translating these core technologies into commercial products, we have significantly enhanced product performance, gaining strong market competitiveness.

Below are some of the key proprietary technologies we possess:

1. Global Shutter Pixel Technology

Global shutter pixel technology is widely demanded in industrial imaging, intelligent transportation, high-speed imaging, and other applications. We have independently developed high-speed global shutter pixels and their control methods for signal sampling, storage, and transfer. Our product portfolio includes global shutter sensors with pixel sizes ranging from 2.5 μm to 6.4 μm. This technology offers low noise, high sensitivity, superior readout speed, and high dynamic range, making it a core feature of our global shutter product series.

2. HDR Pixel Technology

Dynamic range, one of the most critical parameters of CMOS image sensors, defines the intensity range from the darkest shadows to the brightest highlights that a sensor can capture in a single frame. By leveraging dual/multi-gain readouts, HDR pixel designs and exposure control techniques, we can achieve 90–110dB dynamic range in a single exposure at full resolution, which is integral to our scientific and professional cinematography and video applications.

3. High-Sensitivity Pixel Technology

Our proprietary high-sensitivity pixel structure maximizes quantum efficiency through optimized anti-reflective coating layers and light-pipe technology. This technology is initially developed for sCMOS image sensors which requires extreme low-light detection. It can also be used for other applications. e.g. for high-speed linear array applications, we design the pixel with high sensitivity, together with readout logic optimization to maximize exposure time with fixed line rates, high SNR can be achieved.

4. HDR Readout Circuit Technology

We developed HDR circuit technology to readout the HDR pixel for best sensor performance. With one channel readout optimized for full well, and one channel readout optimized for sensor read noise, we can reach both the highest full well and lowest noise at the same time. On-chip data fusion technical helps to reduce data bandwidth and further camera processing load, it in the end simplifies system design and lowers total power consumption. This technology is widely adopted in our sensors that used for applications needs HDR.

5. Low-Noise Circuit Technology

Noise is a key factor limiting CMOS sensor performance in low-light conditions. Our unique correlated multi-sampling circuit technology combines both analog and digital sampling method. It offers maximum flexibility to tune the sampling interval according to the pixel noise frequency behavior. This helps to reach the lowest read noise without sacrifice the readout speed. Test results show read noise as low as $0.45e^{-}$ can be achieved, making this a cornerstone of our sCMOS image sensor series.

6. High-Performance ADC Circuit Technology

Most modern CMOS image sensors output image signal in digital domain. On-chip high-performance ADC circuits are critical for image quality in these sensors. Our company has developed a series of high-performance ADC circuit technical, it can significantly increase the conversion accuracy while reducing conversion time, power consumption, and design complexity. Our innovative column parallel multi-clock, multi-slope synchronous conversion method increases the ADC conversion accuracy without extending conversion time. This technology is widely applied in our product portfolio, with sCMOS image sensors achieving on-chip 14-bit and 16-bit ADC architectures.

7. High-Speed Readout Circuit Technology

The rapid advancement of industrial inspection, high-energy physics, and high-speed photography has driven demand for ultra-high-speed CMOS image sensors. To address these requirements, we developed time interleaved readout technical for high-speed sensors. By implementing multiple address pointers and readout several consecutive rows in an interleaved way, we surpass the row time constraints coming from pixel reset time and charge transfer time during row readout. This enables ultra-high-speed imaging in array sensors. This technology is integrated to our high-speed product series, achieving pixel readout speeds exceeding 50 Gpix/s.

Besides the image signal readout, high-speed data interfaces are also needed to output huge amount of converted digital data within short time period. We developed 10 Gbps per channel high-speed serial interface and corresponding image data transfer protocol, to guarantee high-speed data transfer without image data deterioration at receiving side.

8. TDI Image Sensor Technology

TDI image sensor technology enables high signal-to-noise ratio ("**SNR**") imaging for fast-moving objects. It is very similar to linear array imaging but overcomes the exposure limitation coming from line rates, thus achieving higher SNR within the given line speed. This feature makes TDI image sensors indispensable in life sciences, high-resolution high-speed imaging, and industrial/semiconductor inspection. Our proprietary TDI innovations include large-capacity high-charge-density pixels, ultra-fast line rates, anti-blooming pixel design, and UV optical coating optimization. These breakthroughs makes our BSI CMOS TDI line-sensor product series unique in the markets.

9. BSI Image Sensor Technology

BSI image sensors place metal interconnect layers below photosensitive regions, in this way quantum efficiency can be boosted in UV and visible spectrum as photon reflection by metal layers and absorption by dielectric layers are very much suppressed. Through optimized anti-reflective coating design and process improvements (e.g., etching, annealing), our detectors can achieve full-spectrum detection from soft X-rays, UV, visible and infrared. Because of this state-of-the-art technology in BSI processing, our BSI detectors are widely used in scientific instruments, semiconductor inspection/metrology systems.

10. 3D Imaging Sensor Technology

In order to support the growing demand in industrial imaging and autonomous driving, we pioneered 3D imaging sensor solutions with structured light, iToF, and dToF technologies.

We have developed a unique background light suppression technique using shared memory unites in our charge domain global shutter pixels. This can dramatically increase the 3D accuracy in structure light applications. For iToF, our innovative depth calculation algorithm can extend the depth range by three times without sacrificing depth accuracy. For pixel itself, we can achieve <3ns charge transfer time leading to word class modulation clock frequency. This technical is implemented in our GTOF0503 product, achieving state-of-the-art depth performance.

11. 3D Wafer Stacking Technology

The classic monolithic sensor approach integrates both the analog pixel array and digital readout periphery onto a single IC, offering clear advantages but also posing challenges in terms of performance and area optimization. Enhancing the performance of pixel and analog components may not align with optimizing digital logic effectively. The 3D stacking process involves bonding two wafers together, with one typically containing the pixel and some analog circuits and the other housing the digital logic. This inherently incorporates a BSI pixel layer. This approach allows for independent optimization of each wafer layer, effectively addressing conflicting requirements. Furthermore, this architecture enables advanced readout and conversion rates, further boosting frame or pixel rates.

Apart from our leading technologies in terms of product design, we have accumulated sophisticated experience in advanced testing infrastructure and automation, developing a in-house testing ecosystem for high-performance CMOS image sensors. We have built leading wafer testing, full optoelectronic validation, reliability assessment, and final sensor testing platforms, supported by cutting-edge equipment such as automated sensor sorters, wafer probe stations, and thermal cycling chambers, ensuring precision, repeatability, and stability across all validation stages. Beyond hardware, we have pioneered an intelligent, platform-based data analytics system that integrates multi-threaded testing algorithms and automated defect detection, enabling real-time, high-throughput wafer and sensor analysis. This end-to-end automation significantly improves testing efficiency, reduces human error, and minimizes dependence on third-party testing services, allowing us to accelerate development cycles while maintaining uncompromising quality standards.

Leveraging the technologies that we have accumulated from our years of experience in the CMOS image sensor industry and our cutting-edge technologies under constant development as outlined above, we maintain a robust product pipeline comprising both linear and area array sensors at various development stages. Our linear sensor products under development are primarily custom-developed for specific customers with well-defined applications in high-growth markets. For area array sensors, our pipeline includes both custom-developed products for targeted applications, as well as standard products aiming for broad applications across different industries.

Our Design Process

Through continuous research and development, we have established a collaborative product design management system. This system features vertical collaboration between our R&D and business departments, as well as horizontal coordination among specialized R&D teams. This dynamic design mechanism enables us to effectively address the ever-evolving technical demands, enhancing the predictability and efficiency of development efforts.

The development process is a structured and collaborative process involving multiple departments that transforms market insights and customer requirements into high-quality products. The development process varies between standard products and customized sensor solutions. In particular:

- For standard products which are developed primarily based on market demands, the design cycle typically spans 12–18 months. The product marketing team defines specifications based on market research, while the sensor design team, responsible for architecture and circuit implementation, and pixel process team, responsible for pixel optimization and fabrication compatibility, execute the development. The system engineering team, responsible for evaluation platform and other electronics systems such as wafer probing and sensor testing, and testing team, responsible for performance validation and reliability qualification, ensure manufacturability and performance compliance, while applications engineering supports customer integration.

- For customized sensor solutions developed based on customers' specifications, the project cycle typically ranges from 6 to 36 months, depending on complexity and resource allocation. The project manager oversees end-to-end execution, coordinating between the customer and internal teams, including the sensor design team, pixel process team, system engineering team and testing team. Commercialization is generally accelerated since customers are deeply involved from the outset and design-in can start just after sensor tapeout.

The development process for both types require tight collaboration across all departments, with the project managers ensuring alignment between technical milestones and business objectives.

The below illustrates the key phases of our design process:

Feasibility analysis and architectural design

Our comprehensive design process begins with thorough feasibility analysis and architectural design. During the feasibility phase, product managers conduct extensive market and technical research to define key specifications and functional requirements. This analysis is presented to management for project approval. Upon receiving initial approval, cross-functional teams including IC R&D, pixel process team, product development, and marketing collaborate to develop preliminary architecture solutions and complete feasibility reports. Only after final management approval do we commit full design resources and officially launch the project.

Detailed design

The detailed design phase encompasses architecture design, pixel design, circuit design, layout implementation, simulation verification, and packaging solution design. Our technical leads oversee this comprehensive process while conducting regular internal design reviews. Concurrently, product managers coordinate with system engineering teams to develop supporting system architectures, with all designs undergoing rigorous internal evaluation before proceeding. Following successful reviews, we submit final GDS files to our foundry suppliers for pre-tape-out verification before official tape-out. In parallel, we work with packaging suppliers to manufacture customized ceramic packages and cover glass based on our submitted designs.

Tape-out

Once the pre-tape-out verification is completed, our foundry suppliers will commence mask creation and subsequent wafer fabrication. Tape-out is the pivotal moment when the sensor design transitions from concept to reality, with the manufacturing process bringing it to life with precision and reliability.

Package design

Package design encompasses a comprehensive approach that mainly include ceramic package design and cover glass design. Ceramic package design focuses on creating an optimal protective and functional enclosure for the sensor and emphasizes thermal management, mechanical robustness, and electrical insulation. The cover glass design prioritizes optical performance, ensuring high light transmission and protection against environmental factors.

System design and integration

System integration represents a critical phase where our IC R&D team collaborates closely with system engineers to debug and optimize electronics systems. This includes comprehensive testing of hardware-FPGA-software integration across various test platforms including wafer probing, final test, and reliability test systems. We ensure all systems achieve the required compatibility and stability before proceeding to device verification.

Verification testing

Verification testing involves extensive debugging, photoelectric testing, functional verification, and performance optimization conducted by our IC R&D team. Based on these test results and ongoing market analysis, product managers develop pre-production plans for management review. Following approval, we initiate production ramp-up while preparing market release materials.

Reliability qualification and production

The final stage focuses on reliability qualification and pilot production. Our testing R&D team designs and executes comprehensive reliability tests based on product specifications, documenting results for formal reliability review. After successful qualification, we proceed with limited pilot production while incorporating feedback from both quality assurance and marketing teams to finalize product documentation. The process concludes with a formal project review led by product management, confirming readiness for volume production and marking successful project completion. This rigorous, phase-gated approach ensures we deliver robust, market-ready CMOS image sensor solutions while maintaining strict quality control throughout the development cycle.

PRODUCTION AND PROCUREMENT

Our Fabless Model

Our Company operates under a fabless business model, which means we focus primarily on the design, development, and sales of high-performance CMOS image sensors while outsourcing the manufacturing processes to world-class production partners. This approach allows us to concentrate on our core competencies in innovation and product design, while leveraging the specialized expertise of industry-leading manufacturers for wafer fabrication, packaging, and testing. By collaborating with certified suppliers, we ensure that our high-performance CMOS image sensors meet the highest standards of quality, reliability, and performance.

The fabless model offers significant strategic advantages, particularly in terms of cost efficiency and risk mitigation. By partnering with established wafer manufacturers like Tower and DB HiTek, we avoid substantial capital expenditures and operational complexities associated with owning and maintaining fabrication facilities. This model also allows us to benefit from the advanced technologies and economies of scale that our suppliers bring to the table, ensuring that our high-performance CMOS image sensors remain competitive in a rapidly evolving market.

During the Track Record Period, we primarily procured (i) photomasks and wafers, (ii) components and parts, which mainly include ceramic package and cover glass, and (iii) outsourced services, which mainly include outsourced packaging services.

The production timeline under this model is highly efficient. The fabrication of wafers typically takes three to nine months, depending on the process complexity. Afterwards, the wafers are tested in-house and then transported to assembly houses for packaging, which requires approximately 20 to 60 days, depending on the complexity and volume of the order. Throughout the entire process, we maintain close collaboration with our suppliers to monitor quality, address any technical challenges, and ensure timely delivery.

Selection of Suppliers

To standardize the selection process for our suppliers, we have policies and procedures in place that provide for general principles and standards for selection, and the procedures for identifying and evaluating suppliers. In particular, we have adopted the Supplier Management Procedure and the Supplier Performance Assessment Specification. Our supply chain and quality assurance team will manage suppliers based on these internal policies, including the confirmation of production processes and manufacturing technologies, the confirmation of special production requirements for different products, as well as the confirmation of production capacity and production priority. We will periodically require suppliers to provide full material declarations or ingredient lists for the products they supply.

We currently work primarily with Tower and DB HiTek as our foundry suppliers, and we are actively exploring domestic alternatives as part of our long-term strategy to enhance supply chain security and reduce potential geopolitical risks. During the Track Record Period, we had a few projects taped-out with domestic foundries.

Photomasks and Wafers

A photomask is a plate, typically made of quartz or glass, that contains microscopic patterns used in the photolithography process during wafer manufacturing. It serves as a template to transfer our circuit design onto wafers with high precision. We procure photomasks, as well as wafers manufactured with these photomasks, from our foundry suppliers.

Other Raw Materials, Components and Parts

Other raw materials, components and parts mainly include ceramic package and cover glass. During the packaging process, CMOS sensor is mounted inside ceramic package and cover glass. Ceramic package offers superior protection against environmental stresses, making it ideal for applications demanding high performance, durability, and resistance to heat and moisture. The cover glass is mounted above the sensor surface to provide protection against dust, moisture, and mechanical damage. During the Track Record Period, we procured ceramic packages and cover glass from major component manufacturers including Kyocera and others.

Outsourced Services

After the wafers are manufactured and in-house tested, they are shipped to assembly houses for packaging. Other outsourced services include reliability testing services, microlens array and color filter processing on wafers, BSI wafer processing, failure analysis services, and outsourced PCB manufacturing.

Salient Terms

Photomasks and wafers

During the Track Record Period, we placed purchase orders of photomask sets and wafers with our foundry suppliers. The salient terms of our purchase orders with foundry suppliers are set out below:

- *Minimum purchase requirement*. There is no minimum purchase requirement.

- *Pricing*. Photomask sets pricing and wafer pricing mainly depend on the wafer manufacturing process details, design complexity, as well as the number of lithography layers. The price of both photomasks sets and wafer are in line with prevailing market rates.

- *Payment and credit term*. Payment terms for photomask sets and prototype-lot wafers are in advance, and the payment terms for wafers are ranging from prepayment to net 60 days.

- *Warranty and product return*. The wafer warranty period is consistent with market standards, and the wafer can not be returned unless due to quality reasons.

- *Exclusivity*. Since the foundry manufactures photomask sets based on our sensor design, and the wafers are manufactured using the photomask sets, we have exclusivity rights on both the photomask sets and the wafers fabricated using it.

- *Logistics*. The wafers are ordered in EXW terms. We will arrange shipping with various logistic suppliers.

- *Non-Disclosure*. We have entered into non-disclosure agreements with our foundry suppliers.

Other raw materials, components and parts

During the Track Record Period, for raw materials, components and parts other than photomask sets and wafers, we placed purchase orders based on our R&D needs and production schedules. Since the lead time of different material varies from standard off-the-shelf to six months, we need to take the lead time into account as well. The salient terms of our purchase orders with suppliers during the Track Record Period are set forth below:

- *Minimum purchase requirement*. There is no minimum purchase requirement.

- *Pricing*. Pricing terms with our suppliers mainly depend on the design, specifications, and prevailing market rates, but may also depend on the quantities that we purchase.

- *Payment and credit terms*. Payment terms granted by our suppliers vary largely. For example, some suppliers require payment in advance, while some suppliers grant us a 30-day credit period after the products are accepted as qualified.

- *Warranty*. We are typically entitled to a warranty period of six months to one year. Our suppliers are responsible for fixing or the replacement of products during the warranty period.

- *Non-Disclosure*. For most suppliers, non-disclosure agreements are arranged before we actually conduct transactions. Suppliers shall not disclose to any third parties any confidential information obtained from us.

Outsourced services

During the Track Record Period, we entered into framework agreements with outsourced packaging service providers and then placed orders under the framework agreement to procure packaging services. The salient terms of our framework agreements and orders with packaging suppliers are set out below:

- *Duration*. The duration of the framework agreements with packaging suppliers is typically one year, subject to automatic renewal unless either party provides a two-month notice of termination prior to the end of the contract term.

- *Minimum purchase requirement*. There is no minimum purchase requirement under the framework agreements with packaging suppliers.

- *Pricing*. We negotiate the price for each order with packaging suppliers, with reference to prevailing market rates.

- *Payment and credit term*. We typically settle with packaging suppliers on a monthly basis and we are required to pay them within 30 days upon receipt of invoices.

- *Non-Disclosure*. Unless it is necessary for the performance of the framework agreements and purchase orders, the packaging supplier shall not disclose to any third parties any confidential information obtained from us.

- *Termination*. Generally, if the packaging supplier breaches any provision of the framework agreement and fails to remedy the situation within the timeframe we specify, we may, at our sole discretion, terminate all or part of the framework agreement. In addition, we may terminate the framework agreement with one month's prior written notice, or immediately if the packaging supplier subcontracts or assigns any part of the services under the framework agreement and purchase order without our prior written consent.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Warehousing and Logistics

We mainly operate one warehouse in Changchun and one warehouse in Japan via qualified third-party service provider for storing raw materials, work-in-progress and finished products. We engage qualified third-party logistics service providers for delivery services. Regarding high value shipments, we also have goods-in-transit insurance which protects us from risks associated with transportation. We select warehousing, logistics service and insurance providers based on their reputation, scale of operations, track record and price. We evaluate service providers periodically on their compliance and performance to ensure smooth delivery of products to customers. To the best of our knowledge, all the warehousing, logistics service and insurance providers are Independent Third Parties.

Inventory Management

We pay attention to our inventory health, assigning dedicated staff to provide management with regular reports on the status of inventory. We take inventory level into consideration when formulating procurement plans.

Our inventories mainly include finished goods held for sale in the ordinary course of business, work-in-progress and raw materials and supplies to be consumed in production. We have various policies in place to ensure effective inventory management, such as (i) adopting the first-in, first-out method, (ii) tracking and monitoring the flow of goods and inventory levels through our SAP system to enhance inventory turnover rates, and (iii) conducting quarterly and annual stocktaking to ensure the accuracy of inventory records. For the three years ended December 31, 2024, our inventory turnover days were 668, 559 and 436 days, respectively. For details, please see "Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position Items — Inventories" in this document.

SALES AND MARKETING

We have established a robust brand reputation and significant industry influence through sustained, comprehensive, and in-depth collaborations with top-tier companies across diverse application areas. Our "Gpixel" brand has an established reputation for over 10 years.

As of December 31, 2024, we have an experienced and highly trained sales and marketing team, comprising 17 business development personnel and seven sales and customer service personnel worldwide. They proactively identify market opportunities and design sales strategies. Our marketing and sales team is globally located, covering the PRC, Europe, Japan, South Korea, etc.

Our global sales and marketing team consistently takes a customer-centric marketing approach to build and expand our business relationships. By collecting direct feedback from customers, we gain valuable insights that drive our business and operational strategies forward. We formulate targeted marketing strategies and organize a variety activities, including exhibitions, workshops, conferences, and customer visits, to meet our business promotion needs and enhance our brand awareness. As we continue to expand both domestically and globally, we are committed to optimizing our sales and marketing network to ensure comprehensive geographic coverage across existing and new markets.

Geographical Analysis

We have customers situated across the PRC, Europe, Japan, South Korea, among others. We derived approximately 66.1%, 70.2% and 74.0% of our total revenue from the customers located in the PRC for each of the three years ended December 31, 2024. The table below sets out a breakdown of our revenue by reference to the geographical locations of our customers for the years indicated:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of revenue (%)*	*RMB'000*	*% of revenue (%)*	*RMB'000*	*% of revenue (%)*
PRC	399,773	66.1	424,367	70.2	497,844	74.0
Other regions[1]	204,634	33.9	180,468	29.8	175,204	26.0
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

Note:

(1) Other regions include Europe, Japan, South Korea, among others.

Sales Channels

Our products are sold primarily through direct sales. 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:

	For the year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of revenue (%)*	*RMB'000*	*% of revenue (%)*	*RMB'000*	*% of revenue (%)*
Direct sales	567,459	93.9	570,688	94.4	647,692	96.2
Distribution	36,948	6.1	34,147	5.6	25,356	3.8
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

Direct Sales

During the Track Record Period, we primarily sold to direct sales customers, many of whom were industry-leading enterprises with strict quality standards, long product validation cycles and high entry barriers. In 2022, 2023, and 2024, revenue from direct sales amounted to RMB567.5 million, RMB570.7 million, and RMB647.7 million, respectively, representing 93.9%, 94.4%, and 96.2% of our total revenue for the respective years.

We adopt direct sales due to the complexity of our product's technical specifications, particularly for the CMOS image sensors we offer along with customized sensor solutions. Promoting these products require a high level of technical understanding for both our products, as well as the customers' requirements. Given that the industry is relatively concentrated and our customers are highly specialized, our customers typically approach us directly when they have specific needs. In addition, the adoption of direct sales enables us to precisely understand and respond to customer requirements, allowing us to offer tailored products and services that meet our customers' specific needs.

Distribution

While sales through distributors account for a relatively small portion of our revenue, we have adopted a distributorship model, where our role in relation to the distributors is as a seller/buyer. The distributorship approach allows the rapid establishment of regional sales networks and enhances our market penetration.

As of December 31, 2022, 2023, and 2024, we had eight, 10 and six distributors, respectively. For the three years ended December 31, 2024, revenue from distributors amounted to RMB36.9 million, RMB34.1 million, and RMB25.4 million, representing 6.1%, 5.6%, and 3.8% of our total revenue for the respective periods.

During the Track Record Period, some of our distributors were trading companies, with whom we did not enter into distribution agreements. We do not have control over these trading companies as we do not impose any pricing instruction, minimum purchase requirement or sales target.

Distributors other than trading companies are required to adhere to our pricing structure, with the distribution agreements in place to define the sales prices. Most of these distributors purchase from us on behalf of and in accordance with the request of their customers, who only accept the transactions through established channels. To ensure effective management, we require these distributors to report periodically for sales and forecast of existing customers, which enables us to promote and monitor actual sales, and mitigate risks among distributors. We also prohibit distributors from approaching direct sales customers without our permission or approaching end customers registered with other distributors, as enforced through distribution agreements.

We select distributors based on a comprehensive set of criteria, including their experience in the imaging industry, customer base, technical capabilities, financial conditions and alignment with our marketing needs. Distributors are not exclusively engaged to sell our products, and during the Track Record Period, we have had no material unresolved disputes or lawsuits with them.

We believe the risk of channel stuffing is effectively mitigated due to factors inherent in our business model and relationships with the distributors. We generally do not allow product returns except in cases of quality issues. Similarly, we do not buy back products from distributors unless because of quality issue or force majeure. As a result, our distributors are responsible for the risks of their inventories and are disincentivized to hold on to products they cannot sell.

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of our Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates.

Salient Terms

We enter into distribution agreements with three major distributors, who then place orders under these agreements to procure our products. The salient terms with the three distributors during the Track Record Period are set forth below:

- *Duration*. The distribution agreement is effective after signed by both parties, and shall continue to be effective for a period of two years or three years unless terminated by either party. The agreements may be automatically renewed.

- *Minimum purchase requirement*. There is no minimum purchase requirement or minimum sales target under the distribution agreement.

- *Pricing*. The selling price of the product to the distributor is normally at 10% discount or less of the product's catalog price. The price to the end customer should be at 100% –105% of our catalog price.

- *Payment and credit terms*. 30 days from the date of invoice, or full payment in advance.

- *Exclusivity*. The distribution agreement is non-exclusive for the targeted territory.

- *Warranty*. 12-18 months from the delivery of the products.

- *Title and Risk of loss*. Title to the products and risk of loss shall transfer to the distributor upon shipping of the products.

- *Confidential Information*. Neither party shall disclose to any third party any information disclosed by the other party, unless otherwise instructed or consented in writing. Either party shall strictly management the confidential information with due care and disclose such information to its officers and employees on a strict need-to-know basis.

- *Termination*. In case one party is insolvent, compulsory liquidation, dissolution, bankrupted, or ceases to function or conduct its operation in the normal course of business, or merged into , acquired by, or consolidated with, or defaults on any terms of the distribution agreement and does not remedy such default within 30 days, the other party may terminate this agreement in whole or in part, immediately by written notice to the defaulting party.

Movement of distributors and trading companies

The below table sets forth the movement of our distributors and trading companies during the Track Record Period.

	For the year ended December 31,		
	2022	2023	2024
Number of distributors and trading companies at the beginning of the period.	9	8	10
Number of new distributors and trading companies for the period	3	5	2
Number of distributors and trading companies which ceased business relationship for the period	4	3	6
Net increase (or decrease) in number of distributors and trading companies for the period	(1)	2	(4)
Number of distributors and trading companies at the end of the period	8	10	6

According to Frost & Sullivan, it is in line with market practice to deal with distributors and trading companies in the CIS industry.

OUR CUSTOMERS

Our products are utilized by customers across various industries, including industrial imaging, scientific imaging, professional photography and video, and medical imaging. For instance, in industrial imaging, which is a widely used in various applications ranging from consumer electronics manufacturing, new energy production like lithium batteries and photovoltaic panels, semiconductor front-end and back-end processes, logistics production line automation, to FPD defect detection, we have maintained a leading supply share with Hikrobot who is a key player in the industrial imaging. The collaborations with Hikrobot have not only solidified our market leadership but also provided us with invaluable feedback to continuously optimize our products and services.

Given the long product lifecycle and the high demand for product stability, we work closely with our customers during the R&D and design phases to ensure seamless technical integration. The technical complexity of high-performance CMOS image sensors, which needs in depth knowledge of optics, semiconductor physics, analog and mixed signal design, as well as the ability to balance factors such as pixel size versus optical performance, image quality versus frame rate, etc, creates significant technological barriers. As a result, there are relatively few companies globally that specialize in CIS design. With our strong technical capabilities and excellent service, we can accurately identify customer needs from the outset, deeply penetrate target markets, and collaborate with industry leading customers to develop high-quality products that meet their specific requirements.

Customer service lies at the core of our competitive edge. We offer professional technical support and consulting services to ensure our customers achieve the best possible experience throughout the product lifecycle, thereby enhancing customer loyalty. Leveraging our exceptional service provided to our customers, we have successfully secured partnerships with renowned domestic and international customers over the years.

Pricing

We price our products based on a variety of factors, including: (i) the costs of relevant products, which encompass production, R&D expenses and operational costs, and may vary depending on the type of products (ii) customer demand, and (iii) the competitive landscape, which takes into account our strengths and weaknesses relative to our competitors, their pricing strategies and our customers' cost sensitivity. Once we set the base prices according to these factors, we adjust volume pricing in consideration of specific requirements of our customers.

Major Customers

Revenue generated from our top five customers for the three years ended December 31, 2024 amounted to approximately RMB286.1 million, RMB276.7 million and RMB225.9 million, representing approximately 47.3%, 45.8% and 33.5% of our total revenue for the respective years. Revenue generated from our largest customer amounted to RMB136.5 million, RMB110.1 million and RMB101.0 million, representing approximately 22.6%, 18.2% and 15.0% of our total revenue for the respective years.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of the contracts with our customers, nor did we have any material disputes with our customers.

The following table set forth our top five customers for the respective periods indicated:

For the year ended December 31, 2022:

Ranking	Customer	Background of the customer	Transaction amount	% of total revenue	Nature of revenue	Method of settlement	Credit terms	Year of commencement of business relationship
			RMB'000	%				
1	Customer Group A[(1)]	Customer Group A comprises a major scientific research institution and its affiliated entities in the PRC.	136,493	22.6	Sales of products and development services	Bank transfer	Standard products: Advance payment of up to 100%, remaining balance on a credit term of 7 or 30 days Customized sensor solutions: Payments by phase as 10 or 30 days after signing contract and 10 or 30 days upon completion of each stage work	2012
2	Customer Group B	Customer Group B mainly engages in machine vision and mobile robotics in the PRC.	60,856	10.1	Sales of products	Bank transfer/Bank Acceptance Bill	30 days after receipt of invoice or goods	2018
3	Customer C	Customer C mainly engages in machine vision and mobile robotics, providing products and solutions for intelligent manufacturing and intelligent logistics in the PRC.	32,743	5.4	Sales of products	Bank transfer/Bank Acceptance Bill	30 days after receipt of invoice	2018

Ranking	Customer	Background of the customer	Transaction amount	% of total revenue	Nature of revenue	Method of settlement	Credit terms	Year of commencement of business relationship
			RMB'000	*%*				
4	Customer D	Customer D is a specialized research institute in the PRC.	29,797	4.9	Sales of products and development services	Bank transfer	Standard products: Advance payment of 50%, remaining balance on a credit term of 10 days or 30 days; Customized sensor solutions: Payments by phase as 30 days after receipt of invoice upon completion of each stage work	2016
5	Customer and Supplier E[(2)] . .	Customer and Supplier E mainly engages in the import and export, warehousing and sales of semiconductors, electronic components, modules and finished products, and provision of services such as sensor packaging in Japan.	26,231	4.3	Sales of products	Bank transfer	30 days after receipt of invoice or cargo	2016
		Total	**286,120**	**47.3**				

For the year ended December 31, 2023:

Ranking	Customer	Background of the customer	Transaction amount	% of total revenue	Nature of revenue	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
1	Customer Group A[1]	Customer Group A comprises a major scientific research institution and its affiliated entities in the PRC.	110,118	18.2	Sales of products and development services	Bank transfer	Standard products: Advance payment up to 100%, remaining balance on a credit term of 7 or 30 days Customized sensor solutions: Payments by phase as 10 or 30 days after signing contract and 10 or 30 days upon completion of each stage work	2012
2	Customer Group B	Customer Group B mainly engages in machine vision and mobile robotics in the PRC.	69,322	11.5	Sales of products	Bank transfer/Bank Acceptance Bill	30 days after receipt of invoice	2018
3	Customer C	Customer C mainly engages in machine vision and mobile robotics, providing products and solutions for intelligent manufacturing and intelligent logistics in the PRC.	52,487	8.7	Sales of products	Bank transfer/Bank Acceptance Bill	30 days after receipt of invoice	2018

Ranking	Customer	Background of the customer	Transaction amount	% of total revenue	Nature of revenue	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	*%*				
4	Customer and Supplier E[2] . .	Customer and Supplier E mainly engages in the import and export, warehousing and sales of semiconductors, electronic components, modules and finished products, and provision of services such as sensor packaging in Japan.	23,416	3.9	Sales of products	Bank transfer	30 days after receipt of cargo; net 30 days	2016
5	Customer Group F	Customer Group F mainly engages in digital imaging, instrumentation, aerospace and defense electronics and engineered systems in Netherlands, Canada and U.S..	21,381	3.5	Sales of products	Bank transfer	Net 60 days; 60 days after receipt of invoice	2016
		Total	**276,724**	**45.8**				

For the year ended December 31, 2024:

Ranking	Customer	Background of the customer	Transaction amount	% of total revenue	Nature of revenue	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
1	Customer Group B	Customer Group B mainly engages in machine vision and mobile robotics in the PRC.	100,989	15.0	Sales of products and development services	Bank transfer/Bank Acceptance Bill	Standard products: 30 days after receipt of invoice Customized sensor solutions: Payments by phase as 10 days after signing contract and 10 days upon completion of each stage work	2018
2	Customer Group A	Customer Group A comprises a major scientific research institution and its affiliated entities in the PRC.	39,946	5.9	Sales of products and development services	Bank transfer	Standard products: Advance payment up to 100%, remaining balance on a credit term of 7 or 30 days; full payment upon acceptance; Customized sensor solutions: Payments by phase as 10 or 90 days after singing contract and 10 or 90 days upon completion of each stage work	2012

Ranking	Customer	Background of the customer	Transaction amount	% of total revenue	Nature of revenue	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
3	Customer G	Customer G mainly engages in the research and development, production, and sales of high-end semiconductor testing equipment and core components in the PRC.	29,895	4.4	Sales of products and development services	Bank transfer	Standard products: 100% advanced payment; Customized sensor solutions: 5 or 10 days after signing contract, 5 or 10 days upon completion of each stage work	2022
4	Customer Group H[(3)]	Customer Group H mainly engages in the research and development, manufacturing, and sales of high-end scientific cameras in the PRC.	28,211	4.2	Sales of products and development services	Bank transfer	Standard products: Upon delivery of goods; Customized sensor solutions: 10 days after signing contract, 10 days upon completion of each stage work	2014
5	Customer Group F	Customer Group F mainly engages in digital imaging, instrumentation, aerospace and defense electronics and engineered systems in Netherlands, Canada and U.S..	26,851	4.0	Sales of products	Bank transfer	60 days after receipt of invoice	2016
		Total	**225,892**	**33.5**				

Notes:

(1) Customer Group A was an overlapping customer and supplier during the Track Record Period. See "— Overlapping Customers and Suppliers" in this section. Customer Group A comprises one of our substantial shareholders and its associates. Therefore it is our connected person.

(2) Customer and Supplier E was an overlapping customer and supplier during the Track Record Period. See "— Overlapping Customers and Suppliers" in this section.

(3) Customer Group H was an overlapping customer and supplier during the Track Record Period. See "— Overlapping Customers and Suppliers" in this section.

To the best knowledge of our Directors, save for Customer Group A, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our top five customers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

OUR SUPPLIERS

Our major suppliers are (i) foundry suppliers, (ii) the suppliers of components and parts, and (iii) outsourced service providers. For details of our arrangement with our suppliers, please see "— Production and Procurement" in this section. The purchases from our top five suppliers for the three years ended December 31, 2024 amounted to approximately RMB208.2 million, RMB240.5 million and RMB120.6 million, representing approximately 77.9%, 74.7% and 63.7% of our total purchase amount for the respective years. The purchase from our largest supplier amounted to RMB115.8 million, RMB164.3 million and RMB75.1 million, representing approximately 43.3%, 51.1% and 39.7% of our total purchase amount for the respective years. See "Risk Factors — Risks Relating to Our Business and Industry — We rely on a limited number of third party suppliers for wafer fabrication and packaging and testing services. We may have limited control over the availability and costs of such services" in this document.

To the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our top five suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

Please see "— Production and Procurement — Salient Terms" in this section for the salient terms of the agreements with our suppliers.

The following table set forth our top five suppliers for the respective periods indicated:

For the year ended December 31, 2022:

Ranking	Supplier	Background of the supplier	Transaction amount	% of total purchase	Products/Services purchased	Method of settlement	Credit terms	Year of commencement of business relationship
			RMB'000	%				
1	Supplier Group A	Supplier Group A mainly engages in wafer foundry services in Israel.	115,844	43.3	Wafers and photomasks	Bank transfer	Net 30 days or net 60 days	2012
2	Supplier Group B	Supplier Group B mainly engages in development, manufacturing and sales of semiconductor components, electronic components and others in Japan.	59,043	22.1	Ceramic package and cover glass	Bank transfer	(i) Prepayments of 50%, remaining balance before the 25th of the next month upon delivery of the goods, or (ii) Net 30 days	2015
3	Customer and Supplier E[(1)]	Customer and Supplier E mainly engages in the import and export, warehousing and sales of semiconductors, electronic components, modules and finished products, and provision of services such as sensor packaging in Japan.	19,440	7.3	Sensor packaging services	Bank transfer	Close at the end of a month and pay at 30th prox	2015
4	Supplier C	Supplier C mainly engages in integrated design and construction in the field of architectural engineering in the PRC.	8,989	3.4	Interior decoration and construction services	Bank transfer/Bank Acceptance Bill	Advance payment of 30% with progress payment and warranty deposit paid after the warranty period	2021

Ranking	Supplier	Background of the supplier	Transaction amount	% of total purchase	Products/Services purchased	Method of settlement	Credit terms	Year of commencement of business relationship
			RMB'000	%				
5	Supplier D	Supplier D mainly engages in engineering construction and maintenance, as well as engineering design and consulting services in the PRC.	4,873	1.8	Laboratory construction services	Bank transfer/Bank Acceptance Bill	Advance payment of 30% with progress payment and warranty deposit paid after the warranty period	2022
		Total	**208,189**	**77.9**				

For the year ended December 31, 2023:

Ranking	Supplier	Background of the supplier	Transaction amount	% of total purchase	Product sold or service rendered	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
1	Supplier Group A	Supplier Group A mainly engages in wafer foundry services in Israel.	164,296	51.1	Wafers and photomasks	Bank transfer	Net 60 days	2012
2	Supplier Group B	Supplier Group B mainly engages in development, manufacturing and sales of semiconductor components, electronic components and others in Japan.	38,346	11.9	Ceramic package and cover glass	Bank transfer	(i) Prepayments of 50%, remaining balance upon delivery of goods; (ii) Net 30 days; (iii) Full prepayment	2015

Ranking	Supplier	Background of the supplier	Transaction amount	% of total purchase	Product sold or service rendered	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
3	Customer and Supplier E[(1)]	Customer and Supplier E mainly engages in the import and export, warehousing and sales of semiconductors, electronic components, modules and finished products, and provision of services such as sensor packaging in Japan.	23,201	7.2	Sensor packaging services	Bank transfer	Close at the end of a month and pay at 30th prox	2015
4	Supplier E	Supplier E is a distributor of sensor design software in Netherlands.	9,655	3.0	Sensor design software licensing	Bank transfer	Payments by installment	2018
5	Supplier F	Supplier F mainly engages in the grinding, dicing, packaging, final testing and circuit probe testing services for CMOS image sensors in the PRC.	4,958	1.5	Sensor packaging services	Bank transfer	Net 30 days	2019
		Total	**240,456**	**74.7**				

For the year ended December 31, 2024:

Ranking	Supplier	Background of the supplier	Transaction amount	% of total purchase	Product sold or service rendered	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
1	Supplier Group A	Supplier Group A mainly engages in wafer foundry services in Israel.	75,117	39.7	Wafers and photomasks	Bank transfer	Net 60 days	2012
2	Supplier G.	Supplier G mainly engages in wafer foundry services in South Korea.	14,759	7.8	Wafers and photomasks	Bank transfer	Full prepayment; Net due immediately	2021
3	Customer and Supplier E[(1)]	Customer and Supplier E mainly engages in the import and export, warehousing and sales of semiconductors, electronic components, modules and finished products, and provision of services such as sensor packaging in Japan.	12,527	6.6	Sensor packaging services	Bank transfer	Close at the end of a month and pay at 30th prox	2015
4	Supplier Group B	Supplier Group B mainly engages in development, manufacturing and sales of semiconductor components, electronic components and others in Japan.	15,234	8.0	Ceramic package and cover glass	Bank transfer	(i) Prepayments of 50%, remaining balance upon delivery of goods; (ii) Net 30 days; (iii) Full prepayment	2015

Ranking	Supplier	Background of the supplier	Transaction amount	% of total purchase	Product sold or service rendered	Method of settlement	Credit terms	Year of commencement of business relationship with our Group
			RMB'000	%				
5	Supplier F	Supplier F mainly engages in the packaging services for CMOS image sensors in the PRC.	2,998	1.6	Sensor packaging services	Bank transfer	Net 30 days	2019
		Total	**120,635**	**63.7**				

Notes:

(1) Customer and Supplier E was an overlapping customer and supplier during the Track Record Period. See "— Overlapping Customers and Suppliers" in this section.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contracts on the part of our suppliers or delay in delivery of our orders from our suppliers, nor did we have any material disputes with our suppliers.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best knowledge and belief of our Directors, three of our major customers were also our suppliers.

Customer and Supplier E

Customer and Supplier E was one of our major customers and major suppliers during the Track Record Period. We purchased outsourced packaging services from Customer and Supplier E and sold our CMOS image sensors to this entity under distribution model. In 2022, 2023 and 2024, purchases from this entity accounted for 7.3%, 7.2% and 6.6% of our total purchase, respectively, and revenue from this entity accounted for 4.3%, 3.9% and 3.3% of our total revenue, respectively, for the same period.

Customer Group A

Customer Group A was our major customer during the Track Record Period. We sold CMOS image sensors and provided customized sensor solutions to Customer Group A and procured a range of services, including factory space leasing, testing and soldering services, as well as catering services for the cafeteria from Customer Group A. In 2022, 2023 and 2024, revenue from Customer Group A accounted for 22.6%, 18.2% and 5.9% of our total revenue, respectively, and purchases from Customer Group A accounted for 0.3%, 0.1% and 0.2% of our total purchase, respectively, for the same period.

Customer Group H

Customer Group H was our major customer during the Track Record Period. We sold CMOS Image sensors and provided customized sensor solutions to Customer Group H and procured image acquisition cards and camera equipment for display purposes from Customer Group H. In 2022, 2023 and 2024, revenue from Customer Group H accounted for 4.3%, 2.8% and 4.2% of our total revenue, respectively, and purchases from Customer Group H accounted for 0.00165%, 0.00069% and 0.00117% of our total purchases, respectively, for the same period.

The terms and conditions of the sales agreements with Customer and Supplier E, Customer Group A and Customer Group H were generally in line with the terms and conditions with other comparable customers. The terms and conditions of the outsourced service agreement with Customer and Supplier E were generally in line with the terms and conditions with other comparable service providers. The prices for procurement made from Customer Group A and Customer Group H were negotiated on an arm's length basis. Since these overlapping customers and suppliers are large conglomerates with various business units operating in different sectors, we may engage in transactions with their different units for different business activities. According to Frost & Sullivan, it is not uncommon in our industry to have overlapping customers and suppliers.

RESEARCH AND DEVELOPMENT

We consistently dedicated ourselves to the development and design of high-performance CMOS image sensors. Through our in-house R&D efforts, we have mastered a range of mature technologies covering the entire product lifecycle, from design and validation testing to quality control and mass production.

Our R&D team has long been engaged in the development of high-performance CMOS image sensors and have undertaken and successfully completed numerous national and provincial-level research projects, accumulating extensive experience in both the R&D and industrialization of CMOS image sensor technologies. Our R&D teams in Changchun, Hangzhou, and Dalian maintain a highly collaborative and synergistic working relationship, leveraging their respective expertise to drive innovation in advanced imaging technologies. In addition, we established Gpixel Japan in 2016 and Gpixel Belgium in 2018, enabling us to expand our R&D capabilities by recruiting local professionals and closely integrating them with our domestic teams. Through these efforts, we have built an international R&D department that provides a solid foundation for the continuous advancement of our technologies and products.

We invested significant resources into the R&D of our products. In 2022, 2023 and 2024, we incurred research and development expenses of RMB84.2 million, RMB131.5 million and RMB130.2 million, representing 13.9%, 21.7% and 19.3% of our revenue during the respective years.

Our R&D Team

We are supported by a robust R&D team comprising industry veterans with extensive experience in the industry. At the helm of our R&D efforts is our founder, Dr. Wang. Holding a bachelor's degree in Applied Electronics from Zhejiang University, a master's degree in Microelectronics System Design from the University of Southampton, and a doctoral degree with a research focus in CMOS image sensor from Delft University of Technology, Dr. Wang had extensive working experience prior to establishing our Company. In addition, Dr. Wang has led numerous national and provincial-level major scientific research projects. He has been instrumental in driving the development and industrialization of our CMOS image sensors, achieving several internationally leading results in the field of high-performance CMOS image sensor. Supporting Dr. Wang is Dr. Ma, our deputy general manager and head of R&D department. Dr. Ma holds a bachelor's degree in Electronic Information Engineering from Huazhong University of Science and

Technology, a master's degree in Electrical Engineering from Delft University of Technology, and a doctoral degree in Circuits and Systems from Jilin University. He has participated in multiple major national and provincial research projects and has contributed significantly to the development of high-performance, high-speed, and low-noise CMOS image sensors.

As of December 31, 2024, our R&D team is comprised of 201 members, representing approximately 50.1% of our total employees. All of our R&D members hold a bachelor's degree or higher, and 74.6% hold a master's degree or higher with most specializing in electronic engineering.

We place great emphasis on incentivizing outstanding talent and have implemented broad-based employee share ownership plans. While we rely on key technical and management personnel within a reasonable range in line with industry practices, we have significantly mitigated related risks through the establishment of a talent pipeline, long-term incentive mechanisms, and systematic knowledge accumulation. In addition, **[REDACTED]** from the **[REDACTED]** are expected to further strengthen our talent pool and enhance organizational resilience.

Our R&D Achievements

We have been undertaking national and provincial-level major scientific research projects, closely following the national strategic R&D direction and forming strategic alliances with top domestic technology companies and scientific research institutions. During the Track Record Period, the major national-level scientific research projects we undertook, as well as the main R&D achievements they have generated, are as follows:

- *8K Ultra-High-Definition Image Sensing Chips and System Applications (8K超高清圖像傳感芯片及系統應用)*

This project is a major national science and technology project, in which we participate as the leading partner. In this project, we have successfully developed an 8K full-frame, BSI, stacked CMOS image sensor, which features high resolution, low noise, and high dynamic range, making it suitable for applications in high-end photography and video.

- *High-Dynamic-Range Low-Light Image Detection Devices (高動態微光圖像探測器件)*

This project is a national key research and development project, in which we participate as the leading partner. In this project, we have achieved significant breakthroughs in developing high dynamic range and low light image detection devices. These devices are capable of capturing clear images under extremely low-light conditions, with enhanced sensitivity and reduced noise levels. The technology has been optimized for applications in high-end surveillance, life science, and astronomical observation.

In 2021, our project "Advanced Manufacturing and Application of High-Performance CMOS Image Sensors" was awarded the First Prize of the Jilin Provincial Science and Technology Award (吉林省科學技術一等獎). In 2022, we were honored with the title of National-Level Specialized, Refined, Unique and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業), and in 2024, we were awarded the title of National Key "Little Giant" Enterprise (國家重點"小巨人"企業). We were first included in the National List of Encouraged Key Integrated Circuit Design Enterprises (國家鼓勵的重點集成電路設計企業清單) in 2021, and were reselected for the list in 2022, 2023 and 2024.

INTELLECTUAL PROPERTY

We strictly adhere to and implement the relevant laws and regulations concerning patents, trademarks, copyrights, integrated circuit layouts, trade secrets, and other intellectual property, protecting our technologies by registering various types of intellectual property rights or entering into confidentiality agreements. As of the Latest Practicable Date, we had 49 patents, eight registered trademarks, 10 registered integrated circuit layout designs, one copy rights and one domain name. For details of our intellectual property rights, see "Statutory and General Information — B. Further Information about Our Business — 2. Our Intellectual Property Rights" in Appendix VI to this document.

OUR EMPLOYEES

As of December 31, 2024, we had a total of 401 employees and the majority of our employees were based in mainland China. The following table sets forth the number of our full-time employees by function as of December 31, 2024:

Function	**Number of employees**
R&D	201
Sales and Marketing	24
Administrative and Management	99
Production	77
Total	**401**

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

We use various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, we generally offer our full-time employees an annual performance-based bonus tied to our Company's operational results and personal performance. We have established a comprehensive system for employee training and development, including general trainings on company information and corporate culture, product knowledge, employee rights and responsibilities, workplace safety, data security and other vocational aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continual efforts to provide an engaging working environment for our employees.

We enter into standard labor contracts and confidentiality agreements with our full-time employees, and we enter into non-competition agreements with our key management and professionals.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at a rate in compliance with applicable laws and regulations. As advised by our PRC Legal Advisor, we were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects during the Track Record Period.

We are committed to providing an equal, inclusive, supportive and rewarding working environment for our employees. We have established the labor union which helps to maintain an open channel of communication with our employees. We believe we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

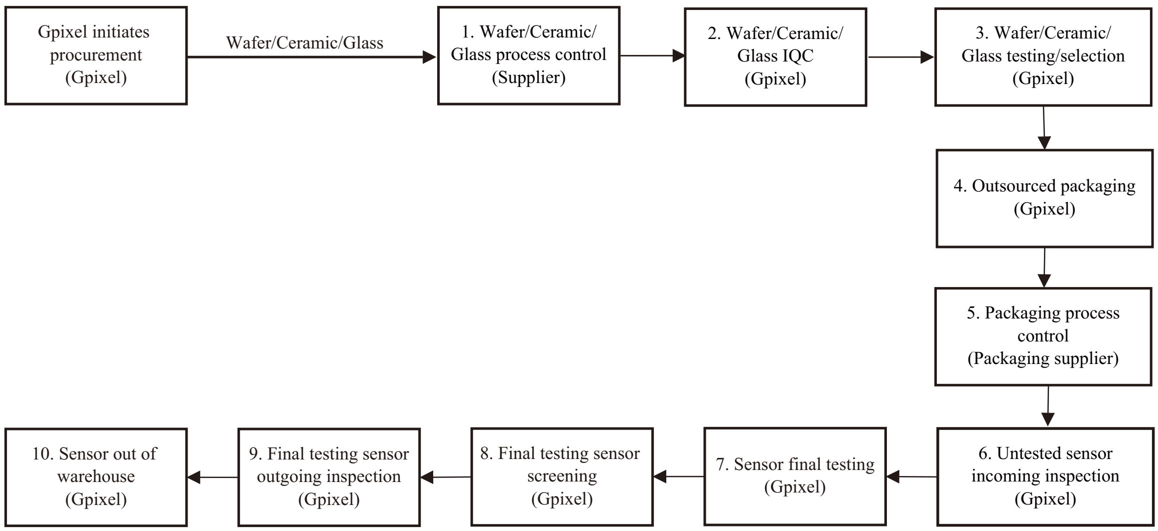
INSURANCE

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, maternity insurance and medical insurance. Our Company has purchased transportation insurance for its products to mitigate the risks of damage or loss during transit. The coverage of such insurance is sufficient and aligns with industry standards. The Procurement and Logistics Department is responsible for claims and settlements. In the event of cargo insurance issues, claims are generally filed with the insurance company in accordance with the policy terms, and the insurer will proceed based on the signed agreement. As of the Latest Practicable Date, we believed that our insurance coverage is in line with the industry practice and complied with the relevant rules and regulations.

QUALITY CONTROL

As of December 31, 2024, our Quality Control Department consisted of eight personnel, whose main responsibilities include establishing and maintaining a quality management system, supervising the quality of products and services throughout the entire process to ensure compliance with standards and regulatory requirements. Through inspections, data analysis, and issue tracking, they promote corrective actions, prevent quality risks, enhance customer satisfaction, and improve organizational efficiency. They are also responsible for process quality management, customer quality management, supplier quality management, and quality management related to the early stages of projects. We emphasize quality control in all aspects of our operations, including product development, component sourcing, product assembly and delivery. We apply strict quality control standards and have implemented various quality control checks to ensure that our products meet our customers' expectations and international and industry standards. We also require our business partners, including wafer manufacturers, packaging service providers, assembly service providers, components suppliers and delivery service companies, to apply their stringent quality control standards and meet our internal requirements. In addition, we have also verified the business licenses and certificates related to quality management and environmental management of wafer manufacturers, packaging service providers, and other core production service providers.

The quality control between our Company and suppliers is depicted in the following flowchart:



The following outlines the quality control measures at each stage of the production process that we or our production partners have in place:

Procurement of Raw Materials

We have always been selective in choosing our suppliers for raw materials. We only purchase from qualified suppliers, and the qualification process includes rigorous requirements regarding quality control. See "Procurement and Production — Selection of Suppliers" for detailed supplier selection criteria. We constantly monitor the raw materials we source for assembly, and conduct annual reviews and evaluations on our suppliers' performance, covering the quality of the components supplied, the timeliness of delivery, pricing and ability to provide value-added services. Pursuant to our arrangement with various suppliers, any components delivered that fail our quality inspection will be returned to our suppliers at their cost, and we will terminate our relationship with such suppliers if they fail to rectify the defects.

Wafer Fabrication

We cooperate with Tower and DB HiTek which are the global leaders in wafer fabrication. As leading wafer manufacturers, Tower and DB HiTek have stringent quality standards that safeguard the quality of wafers we use for our sensors. We inspect wafers before delivery for packaging.

Packaging and Testing

Upon delivery of packaged sensors, we further conduct test and inspection to ensure the sensors' quality. We are currently maintaining a production model that combines partial in-house packaging with partial outsourcing to third-party manufacturers. By holding a controlling stake in Changguang Yuanxin, our Company can conduct sensor packaging in-house. To ensure that both our in-house packaging plant and external packaging service providers have a unified inspection standard, we have established Gpixel inspection requirements, which have also been communicated to Changguang Yuanxin and our core external packaging service providers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We consistently hold the core values of 'People-oriented, Technological Innovation, Environmental Protection, and Social Responsibility,' and deeply integrate sustainable development principles into our strategic planning and daily operational management. We have established a comprehensive ESG management system, including specific business process controls, ESG risk identification and response mechanisms, internal control system covering environmental protection, safety, and social responsibility. Through ongoing communication with our stakeholders, we continuously improve and strengthen the implementation of our ESG management system.

ESG Governance

We have established the ESG management structure comprising the Board, our senior management and executive groups, as well as formulated the decision-making mechanism with defined rights and responsibilities, and standardized operation system. As the core decision-making group for ESG management, our Board is fully responsible for formulating sustainability strategies and policies, reviewing ESG targets and major issues, and monitoring the implementation. Our board has established a dedicated ESG management group and functional departments for the detailed implementation and daily management of ESG strategies, including: (i) strategic planning and target setting, with a focus on core areas such as environmental protection, employee rights protection, investment in technological innovation, and community welfare; (ii) risk identification and response, focus on systematically identifying the impact of environmental, safety, social, and climate related risks on business operations and financial performance; and (iii) performance monitoring and disclosure, regularly evaluating ESG performance and reporting to our Board.

Our Board monitors the progress of ESG work through multiple channels such as specialized reports and annual assessments, ensuring the efficient operation of the management structure and the implementation of strategic goals. We are committed to complying with laws and business ethics, striving to create long-term value for shareholders, and implementing social responsibility through actions such as environmental protection, employee development, technological innovation, and community participation.

ESG Strategy and Risk Management

We have identified 11 core ESG issues based on the Task Force on Climate-related Financial Disclosures framework and Global Reporting Initiative standards, including addressing climate change, greenhouse gas emissions, use of energy and resource, hazardous substance management, pollution prevention and control, labor rights and interests, employee training and development, integrity and anti-corruption, occupational health and safety, supply chain management, and information security. We develop corresponding management methods, implementation measures, and monitoring indicators for each issue, and evaluate the effectiveness of the management measures.

We have established and implemented the Risk and Opportunity Control Procedure to comprehensively identify and evaluate ESG risks, including compliance risks, environmental risks, security risks, management risks, technical risks, financial risks, and market risks. We classify risks into three levels: high, medium, and low, and clarify the response measures for each type of risk, including risk avoidance, risk mitigation, risk tolerance, and risk transfer. We monitor and manage the implementation of risk control measures, and regularly evaluate and confirm their effectiveness.

Addressing Climate Change

We deeply recognize the potential impact of climate change on the global industrial chain and have incorporated climate risk management into our strategic planning. We have identified and evaluated climate risks, and improved business resilience and low-carbon competitiveness through advanced making plans, technological innovation, and collaborative mechanisms.

- *Operational continuity risk:* Extreme weather (such as typhoons and floods) may cause equipment damage, affecting product development durations or timely delivery of mass-produced products. Therefore, we have established a disaster warning mechanism and a remote data backup mechanism for core data, and upgraded key facilities for flood prevention, and regularly conducted emergency drills;

- *Supply chain interruption risk:* To address the impact of regional climate events on raw material purchasing or business outsourcing, we have diversified our supplier location, real-time monitored logistics, and established safety stock based on different product characteristics to reduce the possibility of business interruption;

- *Policy compliance risks:* Global carbon tariffs and green supply chain requirements may increase enterprise management costs and product export costs. We continue to track international carbon regulatory, committed to reducing corporate carbon emissions, and incorporating supplier carbon emission performance into our collaborative evaluation criteria, prioritizing partners who have obtained ISO14001 or carbon neutrality certification;

- *Technological iteration risk:* As the demand for low-carbon product design increases, we optimize architecture and algorithms to reduce products operating energy consumption and help customers reduce the carbon footprint of our end products.

Metrics and Targets

Environment Responsibilities

We always regard environmental protection as the core element of sustainable development for our enterprises, adhering to the environmental policy of 'preventing and controlling pollution, mitigating and adapting to climate change, protecting ecosystems, and achieving sustainable development', and integrating green concepts into the entire process of our enterprise operation.

We strictly comply with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), and other relevant local laws and regulations applicable to our operating locations;

We have also established and constantly improve our environmental management system that covers all employees, and clarify management standards for pollutant emission control, energy conservation, resource recycling, and green product design through establishing internal systems such as the Environmental Factor Identification and Evaluation Control Procedure (《環境因素識別與評價控制程序》), Gpixel Energy Control Specification (《長光辰芯能源管控規範》), Hazardous Substance Management Procedure (《有害物質管理程序》), Noise Management Method (《噪聲管理辦法》), and Waste Management Method (《廢棄物管理辦法》).

As of the Latest Practicable Date, all of our production and operation activities complied with the relevant national, provincial and local environmental protection requirements, and have not been subject to any administrative penalties for environmental violations.

GHG Emissions

We pay great attention to the challenges brought by climate change and integrate carbon management into the core of our sustainable development strategy. We are committed to gradually reducing the carbon footprint in our operations through systematic control and technological innovation. We have defined the scope of greenhouse gas emissions, identified emission sources, developed data collection and accounting requirements by referring to the ISO14064 greenhouse gas accounting and reporting standard, and conducted a comprehensive verification of our emissions during production and operation processes.

The table below sets forth our greenhouse gas emissions during the relevant years:

	Year ended December 31,		
	2022	**2023**	**2024**
Direct GHG emission (Scope 1) (t-CO_2e) . .	40.53	45.14	38.89
Indirect GHG emission (Scope 2) (t-CO_2e) .	1,329.45	1,594.09	1,659.03
Total GHG emissions (Scope 1, Scope 2) (t-CO_2e).	1,369.97	1,639.23	1,697.92
Total GHG emissions Intensity (t-CO_2e / RMB' million of Revenue)	2.27	2.71	2.58

Notes:

(1) The above data statistics cover our headquarters and subsidiaries located in China, Belgium, and Japan.

(2) The calculation scope of greenhouse gas emissions (Scope 1) includes mobile combustion — fuel use, mainly for the use of company vehicles; The calculation scope of greenhouse gas emissions (Scope 2) includes the purchase of electricity and heating for use in factories and offices.

Energy and Resource Consumption

We have established and implemented the Gpixel Energy Control Specification, ensuring the continuous improvement of resource utilization efficiency by formulating clear energy-saving requirements, optimizing regulatory mechanisms, and promoting all-employees responsibility system. The detailed measures include: (i) prioritizing the use of office equipment that meets national energy efficiency standards; (ii) enforcing preset sleep mode for computers, printers, and other devices, suspending unused power during non-working hours, and implementing daily power shutdown inspection system to reduce ineffective energy consumption; and (iii) monitoring the water consumption such as daily inspection of faucet closure status and regular inspection of pipeline sealing to prevent leaks.

The table below sets forth our electricity, water and gasoline consumption during the relevant years:

	Year ended December 31,		
	2022	2023	2024
Electricity consumption (MWh)	1,600.32	2,097.16	2,227.29
Electricity consumption Intensity (MWh/RMB' million of Revenue)	2.65	3.47	4.87
Water consumption (Kton)	1.89	12.09	10.04
Gasoline consumption (ton)	9.93	10.77	10.23

Notes:

(1) The above data statistics of electricity consumption cover our headquarters and subsidiaries located in China, Belgium, and Japan.

(2) The above data statistics of water consumption cover only our headquarters and subsidiary located in Changchun because other subsidiaries' water consumptions are covered by public property and do not pay individual water fees.

(3) Due to (a) the relocation of our Changchun headquarter in the second half of 2022, previous water consumption data cannot be obtained, and (b) our production facilities in Changchun were newly set up and only began trial production in the second half of the year, and has a relatively small water consumption, the overall water consumption statistics for 2022 are relatively small.

Hazardous Substance Management

We strictly implement domestic and international regulations on the control of hazardous substances (including Management Measures for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products (《電器電子產品有害物質限制使用管理辦法》), EU RoHS, WEEE, REACH, etc.), develop and implement the Hazardous Substance Management Procedure (《有害物質管理程序》) and HSF Control Standards (《HSF管控標準》), clarify the requirements for hazardous substance control from product design, raw material procurement to production and shipment, and implement a hazardous substance management mechanism covering the entire product lifecycle.

We conduct assessments of our suppliers' hazardous substance management capabilities, including system audits, on-site audits, and historical compliance record checking, and require suppliers to comply with our hazardous substance management standards, provide raw material composition statements, or third-party testing reports. We integrate the concept of green products throughout the entire production and operation process of our enterprise, and are committed to delivering high-quality products that are safe and environmentally friendly to our customers.

Pollution Prevention and Control

We strictly comply with the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Noise Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國噪聲污染防治法》), the Solid Waste Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), as well as other relevant local laws and regulations concerning our local business operations. We systematically reduce the impact of our operational activities on the environment through source control, classification management, and compliant disposal.

- *Sewage treatment:* Our sewage discharge mainly consists of employees' daily-used sewage and production wastewater. After pre-treatment in septic tanks, the daily sewage is connected to the municipal pipeline network and treated uniformly by the sewage treatment factory to meet the discharge standards. The production wastewater is discharged to the municipal sewage treatment factory after being treated to meet the standards by the cooperative company's sewage treatment system, in accordance with the Comprehensive Wastewater Discharge Standard GB8978 (《污水綜合排放標準GB 8978》).

- *Waste gas treatment:* Our waste gas emissions come from the assembly process, mainly including volatile organic compounds and particulate matter. We adopt our cooperative company's activated carbon adsorption device and 25-meter high exhaust pipe for waste gas treatment and emissions, meeting the Comprehensive Emission Standard for Air Pollutants GB16297 (《大氣污染物綜合排放標準GB16297》).

- *Noise prevention and control:* We prioritize the use of low-noise equipment and have considered adopting sound insulation measures when designing the layout of the factory. We have formulated and implemented the Noise Management Measures (《噪聲管理辦法》) to monitor and measure workplace and factory's boundary noise. Our workplace noise comply with the requirements of the Design Specification for Industrial Enterprise Noise Control GB/T50087 (《工業企業噪聲控制設計規範GB/T50087》), and the factory's boundary noise comply with the Type-3 standard of the Industrial Enterprise Boundary Environmental Noise Emission Standard GB12348《工業企業廠界環境噪聲排放標準GB12348》).

- *Solid waste management:* We have formulated and implemented the Waste Management Measures (《廢棄物管理辦法》), which clarify the procedures for waste classification, storage, transfer, and disposal, and standardize the ledger records. The detailed measures include:

  — *General waste:* Domestic waste is collected by the environmental sanitation department, while industrial solid waste is collected/disposed of by a third-party service provider with qualifications.

  — *Hazardous waste:* Hazardous waste mainly includes electronic waste, chemical empty bottles, waste lubricating oil. These waste are classified and labeled according to their characteristics and temporarily stored in specific areas. They are regularly transferred and processed by third-party with hazardous waste treatment qualifications. We have signed a long-term disposal agreement with a third-party service provider and conducted supervision and verification of its compliance to ensure the legal and safe disposal of hazardous waste. At the same time, we comply with Chinese solid waste management requirements for solid waste discharge declaration and are subject to government's supervision.

For the year ended December 31, 2022, 2023 and 2024, the volume of our solid waste transfer was 0.79 tons, 0.14 tons, and 1.39 tons.

Note:

(1) Our production plant is located in Changchun, China. The solid waste transfer for the year ended December 31, 2022 and 2023 is for the Changchun headquarters. For the year ended December 31, 2024, we also include the solid waste transfer of our subsidiary also located in Changchun apart from the Changchun headquarters.

Green Office Initiatives

We integrate green concepts into daily office scenarios and comprehensively promote paperless office, the detailed measures include: (i) utilizing the OA system to achieve 100% online business approval, expense reimbursement and other processes; (ii) using sharing servers and online cloud platforms for file management and collaborative editing to avoid duplicate printing; (iii) adopting double-sided printing/copying mode to maximize paper resource savings; and (iv) restricting unnecessary travel and advocating for video conferencing as an alternative. Through the above measures, we continually optimize the efficiency of office resource utilization, reduce the impact of daily operations on the environment, and strengthen the green office awareness of all employees. In the future, we will further actively explore more efficient environmental practices and promote the deep integration of green office concepts and business development.

Social Responsibility

We always regard social responsibility as the core force for corporate development, hold the values of "respect, equality, and excellence", and are committed to cooperating and sharing sustainable development achievements with employees, customers, suppliers, and society.

Labor Rights and Interests

- *Equal Employment:* We strictly abide by local labor laws, regulations, and international rules, including the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), as well as other relevant local laws, regulations, and the Responsible Business Alliance (RBA) code of conduct. We hold an equal and open employment policy, and resolutely prohibit any form of discrimination (including gender, age, sexual orientation, disability, race, nationality, religion, and any other factors), force, or compulsory behavior in all aspects of employee recruitment, promotion, development, welfare distribution, and termination of labor contracts.

- *Effective communication channels:* We have established various open and effective channels for employee feedback, such as suggestion boxes and online platforms, and conduct an annual satisfaction survey covering all employees. We are committed to establishing an equal and democratic communication mechanism that combines online and offline channels to timely understand and solve employee demands.

- *Salary and welfare:* We have implemented an incentive-based salary system based on local laws, regulations, market conditions, and our operating performances. At the same time, we implement a paid leave system for employees and provide a diversified welfare system, such as annual physical examinations, fitness centers, afternoon tea, holiday greetings, birthday celebrations, and various extra activities.

The table below sets forth details of the number of our employees during the relevant years:

	As of December 31,		
	2022	2023	2024
Total number of employees	320	385	401
Number of employees by gender			
— Male	163	195	209
— Female	157	190	192
Percentage of employees by gender			
— Male *(%)*	50.9	50.6	52.1
— Female *(%)*	49.1	49.4	47.9

The table below sets forth details of our departing employees during the relevant years:

	Year ended December 31,		
	2022	2023	2024
Average number of employees	279	353	393
Total number of departing employees during the year	28	15	28
Rate of departing employees for the year *(%)*	10.0	4.3	7.1

Note:

(1) The above data statistics cover our headquarters and subsidiaries located in China, Belgium, and Japan.

Employees Cultivation and Development

We have established a comprehensive employee training and career development system, formulated and implemented the Newcomer Instructor System (《新人導師制度》), Training Management Specification (《培訓管理規範》), Job Grade Management System (《職級管理制度》), and Employee Turnover Management Specification (《員工流動管理規範》). We conduct comprehensive evaluations of existing employees' abilities and potentials through systematic methods such as employee assessments, ability matrix, and develop talent cultivation and development plans based on our business development goals. Our annual training plan covers five areas: institutional training, legal and regulatory training, safety training, professional knowledge and skills training, and specialized training. The training methods include consultant on-site training, professional institution training, seminars, internal lecturer training, and diversified channels such as sharing platform learning resources. Our training plan achievement rates for 2022, 2023, and 2024 all reach 100%.

We continuously optimize employee development and promotion channels to ensure that employees can achieve their career goals within our company and align with our enterprise's strategy.

Integrity and Anti-corruption

We adhere to the concept of 'compliance first, honest root', formulate internal integrity and anti-corruption policies, and publish the Employee Reward and Monitoring Regulations (《員工獎懲條例》) to ensure that employees comply with the regulation by constantly enforcing and reviewing the regulations. We have included integrity clauses in the "Corporate Social Responsibility agreement" that we have signed with our suppliers, which explicitly prohibit any form of bribery, transfer of benefits, and improper transactions. We have implemented an internal reporting channel, where all employees can report any bribery and corruption behavior. As of the Latest Practicable Date, we had not been involved in any legal proceedings or administrative penalties related to corruption, bribery, or fraud.

Occupational Health and Safety

We pay great attention to the health and safety of our employees, and regard their life safety and occupational health as the foundation of our company's development. We have established safety management processes such as the Hazard Identification and Evaluation Control Procedure (《危險源辨識與評價控制程序》), Safety Management System (《安全管理制度》), Safety Production and Fire Safety Responsibility System (《安全生產及消防安全責任制度》), Safety Training Work System (《安全培訓工作制度》), Job Safety Operation Regulations (《崗 位安全操作規程》), Contingency Plan for Production Safety Accidents (《生產安全事故應急預案》), to protect employees from occupational injuries by creating a safe and healthy working environment, taking protective measures, and developing emergency plans. Key measures include:

- *Improving the working environment:* For clean rooms and laboratories, we execute special environmental improvement and safety measures through exhaust ducts, smoke purifiers, mechanical protection, and emergency supplies;

- *Provide protection equipment:* According to the type of work involved, we provide employees with labor protection equipment that meets the requirements of the Code for Personal Protective Equipment GB39800 (《個體防護裝備配備規範GB39800》). For example, safety helmets, gas masks, protective masks, goggles, safety shoes, insulated gloves, insulated shoes are provided to our employees where needed;

- *Safety training and certification for employment:* We conduct company level, departmental, and job level safety training for new employees. For specialized positions such as electrician operation and pressure vessel operation, our employees are required to and obtain corresponding qualification certificates, receive professional training and assessment before performing the work;

- *Safety inspection and evaluation:* We have established the workplace safety inspection system and the safety risk inspection system to timely discover and rectify safety hazards, ensuring the safety and compliance of the work environment, facilities, and equipment;

- *Emergency plan drill:* We organize annual emergency plan drill for all employees to enhance their emergency response capabilities and verify the effectiveness of the plan for continuous improvement.

As of the Latest Practicable Date, we had not experienced any production safety accidents that have a significant adverse impact on our business, finance, or operating performance.

Supply Chain Management

We adhere to the principles of fair procurement and equal opportunity. When selecting suppliers, we consider various factors such as compliance, technological level, product quality, service level, supply capacity, cost-effectiveness, environmental protection, social responsibility, and information security. We give priority to enterprises that have passed ISO14001 and ISO45001 certification. We have developed and implemented the Supplier Management Procedure (《供應商管理程序》) to certify and evaluate suppliers at all levels, including system audits and material certifications, to ensure the selection of the highest quality suppliers and ensure the continuous compliance and stability of the supply chain.

We have signed "Purchase Agreement", "Quality Agreement", "Corporate Social Responsibility Agreement", "Restricted Substance Agreement", "Confidentiality Agreement" with our suppliers. We have established a performance evaluation mechanism , and once any violations are found, we will immediately require the suppliers to rectify or switch to alternative suppliers. We integrate the concept of sustainable development into all aspects of supply chain management, urging our suppliers to ensure safe and healthy working environments, compliant emissions of pollutants, and establish comprehensive management systems of labor, health and safety, environmental, and business ethics.

Information Security

We regard information security a core competitiveness of an enterprise, and we have formulated and implemented the Information Security Management System (《信息安全管理制度》) and Information Security Incident Emergency Response System (《信息安全事件應急響應制度》), which clarify management requirements for computer security, passwords, network security, virus prevention, storage devices, data security, firewalls, personnel security, and the principle of graded methods for violations.

We require all office computers to install antivirus software and prohibit unauthorized uninstallation or changing configurations. We implement system access permissions based on the 'minimum authority principle', and sensitive operations (such as exporting product design files) require approval from authorized personnel. At the same time, we archive system operation log records, including access, modification, and transmission behaviors, with a retention period of no less than 1 year.

We require all employees, suppliers, and partners to sign confidentiality agreements that stipulate legal liability and economic compensation clauses for information leakage. Through all the above measures, ensure the integrity, confidentiality, and availability of customer information, intellectual property, and trade secrets.

RISK MANAGEMENT AND INTERNAL CONTROL

We have in place a robust risk management and internal control system. We adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the accuracy and completeness of financial reports and related information. Our commitment extends to enhancing operational efficiency and effectiveness, thereby fostering the achievement of our Company's strategic development goals. In addition, we have implemented process control through digital systems, established a cross-departmental data-sharing platform, and set up separate approval authorities at key business junctures to ensure real-time synchronization of financial, operational, and risk control data. In addition to external audits, we also established an internal audit department tasked with independent audit supervision of the business operations and internal control of our Company and its subsidiaries in accordance with laws, rules and regulations and the articles of association of our Company, and in accordance with the principles of objectivity, impartiality and prevention.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our information technology, human resources, finance and operations departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Our company has established a number of internal policies and procedures, including the GP-QP-032 Business Continuity Management Procedure, GP-WI-308 Business Continuity Management Organizational Structure, GP-QP-039 Control Procedure for Identification and Evaluation of Environmental Factors and Hazards and GP-WI-008 Safety Management System. These documents have conducted risk analyses of potential emergencies in advance and proposed preventive measures, emergency response actions, and recovery plans for incidents. Moreover, our company has developed the Emergency Response Plan for Sudden Environmental Incidents, which has been filed with the relevant regulatory authority and complies with legal and regulatory requirements.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines.

Compliance risk management refers to the dynamic managing processes of our effective identification and management of compliance risks and proactively preventing the occurrence of risk events. We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk, and ensure that our operations are in compliance with applicable laws and regulations.

In accordance with such procedures, our operations department conducts supplier selection and evaluation before entering into any contracts or business arrangements, which includes reviewing the suppliers' business qualifications, service history, and key achievements. In addition, our legal department reviews the contract terms and examines related documents, including all necessary due diligence materials and licenses and permits obtained by the other party to fulfill its obligations under the relevant contract.

In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations. We delegate the responsibility of monitoring compliance in specific business areas to representatives from those areas. In addition, we have an internal control department that continuously supervises compliance efforts within departments and reports to our CEO. We also have an internal audit department that regularly evaluates and supervises our compliance efforts and reports to our general manager and the Board.

Intellectual Property Risk Management

As a knowledge- and technology-intensive company, we may be subject to claims from companies holding patents or other intellectual property rights, alleging infringement of such rights or otherwise asserting their rights and urging us to obtain licenses in the course of our operations. See "Risk Factors — Risks Relating to Our Business and Industry — Our business may be adversely affected by inadequate protection of intellectual property rights and/or claims by third parties for possible infringement of their rights" in the document. To ensure proper management of our intellectual property and avoid litigation concerning intellectual property infringement, we have implemented various internal policies and established an internal intellectual property management system:

- We have developed and enacted robust internal policies for the management of intellectual property rights. These include the measures on the management of intellectual property acquisition and maintenance, the measures on the management of intellectual property implementation, licensing and transfer, the measures on the management of intellectual property information research, as well as the requirements and job responsibilities for positions related to intellectual property management. These policies delineate the responsibilities of each department in safeguarding intellectual property rights, thereby enhancing our capability to protect our intellectual property rights effectively. In addition, we routinely conduct comprehensive reviews of the existing intellectual property system to ascertain its ongoing pertinence and efficacy.

- To facilitate effective management of our intellectual properties, we utilize an internal intellectual property management system for the full lifecycle management of our proprietary intellectual property. This system is used for, among others, patent applications, maintenance and valuation.

- To safeguard against potential infringements on both our intellectual property rights and those of others, our legal department, responsible for intellectual property management, conducts thorough searches and analyses of our R&D outcomes upon the completion of scientific research projects and technology development. This process includes determining any possible infringements and preparing detailed inspection reports to ensure compliance and prevent infringement.

- We require employees to adhere to confidentiality obligations for technical secrets, sign confidentiality and non-compete agreements, and follow an internal confidentiality system outlining specific employee responsibilities. In addition, new employees are required to sign a declaration confirming no conflicts of interest or non-competition issues. They also complete a self-check form to ensure they are not involved in patented technologies with infringement risks.

- We encourage employees' enthusiasm for research and enhance the protection of job-related inventions through patents. However, for core technologies, we prioritize protection through know-hows and trade secrets.

Information Security and Data Privacy Risk Management

See "— Data Security and Privacy" in this section.

Anti-Corruption Risk Management

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Company's economic interests and (ii) the pursuit of improper interests of our Company. We have established our anti-corruption risk management policies prohibiting any corruption activities by our employees, either for the pursuit of improper personal benefits or improper interests of our Company. We have maintained a whistleblower mechanism for employees to anonymously report any incidents of bribery and corruption. Our internal audit department bears sole accountability for the audit and anti-corruption endeavors of our Company and provides regular reports to the audit committee of the Board. We will impose corresponding administrative disciplinary sanctions on persons responsible for corruption incidents. We provide internal training to our employees and ensure that our stakeholders, including customers, distributors, suppliers and shareholders, are informed of our anti-corruption policies and practices.

Audit Committee and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an audit committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and Senior Management — Directors."

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the audit committee and Board on a timely basis.

INFORMATION TECHNOLOGY SYSTEMS

IT is fundamental to our competitive edge and operational efficiency. We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. Our main information technology systems include the following:

- *OA system*: Our Office Automation ("**OA**") system integrates functions such as scheduling, document management, workflow, and collaboration to enhance internal efficiency. At the same time, the system provides document management and data analytics features, ensuring document security and assisting our management in optimizing operations.

- *SAP system*: Our SAP system generates operational records, financial statements and relevant reports based on confirmed account records that we deal with, achieving the integration of our business and finance management. Our SAP system supports the procurement procedures for raw materials, assets and R&D projects, as well as product sales procedures. The SAP system streamlines our business processes by connecting data across finance department and business department, reducing the need for redundant data entry.

As our business grows, we also need to consider introducing new IT services in warehousing and production. We plan to implement a WMS system in 2025 to achieve intelligent warehouse management. Meanwhile, to improve the production efficiency and capacity of sensor testing, we have already introduced automatic testing equipment, which have enhanced both production efficiency and capacity.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations.

DATA SECURITY AND PRIVACY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. Consequently, our practices regarding the collection, use, storage, disclosure and transfer of various types of data may come under increased administrative scrutiny.

In the course of our business operations, we collect, store and process business data and transaction data. Given that we only make transactions with enterprises, our business generally does not involve the collection or processing of customers' personal information.

To reinforce our data security and protection measures, we established comprehensive internal policies. These policies facilitate our data management and provide detailed requirements in relation to the classification, storage, access, transmission, encryption and disposal of data. We closely monitor data security threats and promptly strengthen protective measures to prevent data breaches and system disruptions from impacting our operations and reputation. We also stay vigilant about changes in data privacy regulations across different countries to ensure compliance and mitigate legal and financial risks. In addition, we closely follow market regulatory requirements to obtain necessary permits and licenses in a timely manner, preventing potential business disruptions.

Moreover, we implemented a robust information backup management system, which sets forth the guiding principles, detailed procedures and mechanisms for data recovery. In addition, we formulated a manual on information security management to set out the general guidance and principles of our information security management, under which we established a series of policies and procedures, including among others, policies on system operation management, password management and corporate trade secret protection and procedures on document control and confidentiality management. These systems, policies and procedures collectively form a solid framework that safeguards our data and upholds our stringent standards for information security.

COMPETITION

From 2020 to 2024, the global CMOS image sensor market experienced moderate growth, with the total revenue increasing from RMB127.5 billion to RMB139.1 billion, representing a CAGR of 2.2%. Since 2023, CMOS image sensor has shown rapid market growth through advancements in core technologies and expanding adoption in automotive electronics, medical imaging, industrial imaging, etc. From 2024 to 2029, the growth in global CMOS image sensor market size is projected to accelerate, with the total revenue expected to rise from RMB139.1 billion in 2024 to RMB210.3 billion in 2029, representing a CAGR of 8.6%.

The global CMOS image sensor industry in which we operate is highly competitive and concentrated. The principal competitive factors in our markets include technological expertise and innovative R&D capabilities, product development capabilities and supply chain partnerships. See "Risk Factors — Risks Relating to Our Business and Industry — The markets for our products are highly and increasingly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed" in this document. We primarily compete with a number of global and regional CMOS image sensor design companies and manufacturers. According to Frost & Sullivan, in terms of industrial imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 15.2% of the global market share. In terms of scientific imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 16.3% of the global market share.

With leading positions in the industry, deep industry experience, strong R&D capabilities, broad product portfolios and large and stable customer base, we believe that we are well positioned to excel in the competition in our industry. See "— Our Competitive Strengths" in this section and "Industry Overview" in this document.

OUR PROPERTIES

Our headquarter is located in Changchun, Jilin Province, China. Our production facility as of the Latest Practicable Date was located in Changchun, Jilin Province, China.

Owned Properties

As of the Latest Practicable Date, we owned two properties in Changchun and Hangzhou with a total built-up area of approximately 138.04 sq.m. As of the Latest Practicable Date, we had obtained the land use rights for these properties. We use such properties primarily as our office.

We do not have any property interest with a carrying amount of 15% or more of our consolidated total assets as of December 31, 2024. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased Properties

As of the Latest Practicable Date, we leased (1) five properties in Changchun, Hangzhou, Dalian and Beijing with a total gross floor area of approximately 17,269.0 sq.m. used primarily as our office, production facility and R&D facility; (2) one property in Japan with a total gross floor area of approximately 262.85 sq.m., used primarily as our office; (3) two properties in Belgium with a total gross floor area of approximately 1,435.8 sq.m. primarily used as our office.

Lease Registration

As of the Latest Practicable Date, we had not registered four lease agreements for our leased properties in the PRC. As advised by our PRC Legal Advisor, according to the relevant provisions of the Civil Code of the PRC (《中華人民共和國民法典》), the non-registration of the lease agreements does not affect the validity and enforceability of the lease agreements. However, the relevant government authorities may require us to complete registrations within a specified timeframe. If we fail to do so within such timeframe, we may be subject to a fine ranging from RMB1,000 to RMB10,000 for any delay in making registration for each unregistered lease agreement. As of the Latest Practicable Date, we had not been subject to any administrative penalties in relation to the unregistered lease agreements. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

Title Defects

As of the Latest Practicable Date, the lessor of one of our leased properties with an aggregate gross floor area of 13,307.3 sq.m. was unable to provide a valid title certificate. Such leased property is primarily used as our office space and testing facility. If a third party objects to such lease or the ownership of such leased property, it may affect our continuous leasing of such property. In view of this, (i) we will not have difficulties in relocating to alternative properties in a timely manner under the same conditions if such properties are no longer available; (ii) during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our lease with respect to this leased property with title defects had never been challenged by any third parties; and (iii) our Directors believe that we can relocate to a new property without excessive costs or business interruption.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received awards and recognitions with respect to our products, intellectual properties and R&D capabilities, including, but are not limited to, the following:

Award/Recognition	Award Year	Awarding Institutional/Authority
National Key "Little Giant" Enterprise (國家重點"小巨人"企業)	2024	Department of Industry and Information Technology of Jilin Province (吉林省工業和信息化廳)
National Encouraged Key Integrated Circuit Design Enterprises (國家鼓勵的重點集成電路設計企業)	2024 (since 2021)	National Development and Reform Commission (國家發展和改革委員會), Ministry of Industry and Information Technology (工業和信息化部), General Administration of Customs (海關總署), Ministry of Finance (財政部) and State Taxation Administration (國家稅務總局)
National Advantageous Enterprises in Intellectual Property Rights (國家知識產權優勢企業)	2023	China National Intellectual Property Administration (國家知識產權局)
Hangzhou Gpixel High-end CMOS Image Sensor Enterprise High-tech R&D Center (杭州長光辰芯高端CMOS 圖像傳感器企業高新技術研究開發中心)	2023	Hangzhou Science and Technology Bureau (杭州市科學技術局)
National-Level "Little Giant" Enterprise (specialized, refined, distinctive, and innovative) (國家級專精特新"小巨人"企業)	2022	Ministry of Industry and Information Technology of the PRC (中國工業和信息化部)

Award/Recognition	Award Year	Awarding Institutional/Authority
Jilin Provincial "Specialized, Refined, Unique, and Innovative" SMEs (吉林省省級"專精特新"中小企業)........	2022	Department of Industry and Information Technology of Jilin Province (吉林省工業和信息化廳)

LICENSES, APPROVALS AND PERMITS

We are subject to laws, regulations, and supervision by different levels of regulatory authorities and are required to maintain various licenses, permits and certificates in order to conduct our business. A summary of such relevant laws and regulations which our business operations are subject to is set out in the section headed "Regulatory Overview" in this document.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the material requisite licenses, qualifications and permits from the relevant regulatory authorities, All of our material licenses, qualifications and permits were valid and subsisting as of the Latest Practicable Date. There were no certificates that are expired or not yet renewed as of the Latest Practicable Date. Our Directors are of the view that there are no material legal impediments in renewing the licenses that will be expiring.

LEGAL AND REGULATORY COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against our Company or any of our Directors which had caused or could cause a material and adverse effect on our financial condition or results of operations.

Compliance

We are subject to various regulatory requirements and guidelines issued by regulatory authorities in China. During the Track Record Period and as of the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, and we did not experience any material non-compliance incident, which taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC legal advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects in China.

OVERVIEW

Our Company was established in the PRC on September 3, 2012 as a limited liability company and was further converted into a joint stock limited company on December 26, 2022. As of the Latest Practicable Date, our Company was owned as to approximately 27.36% by Dr. Wang, 1.91% by Dr. Zhang, 14.27% by Zhuhai Yunchen (珠海雲辰) and 6.00% by Zhuhai Xuchen (珠海旭辰). Dr. Wang is the spouse of Dr. Zhang. Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰) are limited partnerships established in the PRC. The general partner of Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰) is Hangzhou Qixin (杭州祺芯), a limited liability company wholly owned by Dr. Wang. The voting rights attaching to the Shares held by Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰) in our Company are exercised by Dr. Wang through Hangzhou Qixin (杭州祺芯), the general partner of each of Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰) who is responsible for daily management of the partnerships' external investments pursuant to their respective partnership agreements. Dr. Wang, Dr. Zhang, Zhuhai Yunchen (珠海雲辰), Zhuhai Xuchen (珠海旭辰) and Hangzhou Qixin (杭州祺芯), as a group of Controlling Shareholders, were collectively entitled to exercise the voting rights of approximately 49.53% of the total issued share capital of our Company as of the Latest Practicable Date. See "Substantial Shareholders" and "History, Development and Corporate Structure" in this document for details.

Immediately following completion of the **[REDACTED]**, Dr. Wang, Dr. Zhang, Zhuhai Yunchen (珠海雲辰), Zhuhai Xuchen (珠海旭辰) and Hangzhou Qixin (杭州祺芯) will collectively be entitled to exercise the voting rights of approximately **[REDACTED]**% of the total issued share capital of our Company assuming that the **[REDACTED]** is not exercised and without taking into account any **[REDACTED]** to be **[REDACTED]** pursuant to the exercise of options granted under the **[REDACTED]** Share Option Scheme and will collectively be entitled to exercise the voting rights of approximately **[REDACTED]**% of the total issued share capital of our Company assuming the **[REDACTED]** is exercised in full and without taking into account any **[REDACTED]** to be **[REDACTED]** pursuant to the exercise of options granted under the **[REDACTED]** Share Option Scheme and will remain as a group of Controlling Shareholders upon **[REDACTED]**.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Management independence

Our daily operational and management decisions are made by our Board and our senior management. Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" in this document for details.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act for the benefit of and in the best interests of our Company and no conflict between his/her duties as a Director and his/her personal interests shall exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting. In addition, we believe that our independent non-executive Directors can bring independent judgement to the decision-making process of our Board. Our Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Controlling Shareholders group or each of their associates; (b) our independent non-executive Directors account for one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders group, which would support our independent management.

The daily operation of our Group is carried out by an experienced management team. We have the capabilities and personnel to perform all essential administrative functions, including financial and accounting, human resources, business management and research and development on a standalone basis.

For completeness, it is noted that our two Directors, namely, Dr. Wang (executive Director and Chairman) and Dr. Zhang (executive Director), also hold positions in the Controlling Shareholders, with Dr. Wang serving as a director and Dr. Zhang as a supervisor of Hangzhou Qixin (杭州祺芯). However, there is no overlap of the management team of the Controlling Shareholders' and ours, as Zhuhai Yunchen (珠海雲辰) and Zhuhai Xuchen (珠海旭辰) serve as our employee shareholding platforms, while Hangzhou Qixin (杭州祺芯) is for investment holding. Dr. Wang and Dr. Zhang will be able, and has undertaken, to devote all of his/her time and attention to the development strategy, strategic planning and business of our Group.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational independence

We have full rights, hold all relevant licenses, permits and qualifications, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after **[REDACTED]**. We have our own accounting and financial department, human resources and administration department, internal control department and R&D department. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

Intellectual property rights and licenses required for operation

We are not reliant on intellectual property rights (such as patents, trademarks or copy rights) owned by our Controlling Shareholders or their respective close associates. In addition, we hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Access to customers

We conduct our own sales and marketing through our own sales and marketing team. Our Group has a large and diversified base of customers that are independent of our Controlling Shareholders and/or their respective close associates.

Operational facilities

All the properties and facilities necessary to our business operations are owned by us or leased from Independent Third Parties, save for one leased property from CIOMP in Changchun with a total gross floor area of approximately 1,318.0 sq.m. used primarily as our office and operational facility.

Employees

As of the Latest Practicable Date, all of our full-time employees were recruited independently and primarily through open market and by referral.

Transactions with our Controlling Shareholders

Our Directors do not expect that there will be any transaction between our Group and our Controlling Shareholders or their respective associates upon or after **[REDACTED]**. In addition, none of our Controlling Shareholders or their respective close associates has been our major suppliers or customers during the Track Record Period which provide any critical services or materials for our business operation.

Based on the above, our Directors believe that our Group is able to operate independently from our Controlling Shareholders and their respective close associates. Our Directors confirmed that our Group will be able to operate independently from our Controlling Shareholders and each of his or her or its close associates after **[REDACTED]**.

Financial independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardised financial and accounting system and a complete financial management system. In addition, we are capable of obtaining financing from Independent Third Parties.

As of the Latest Practicable Date, there were no other loans, advances or balances due to and from our Controlling Shareholders and their respective close associates which have not been fully settled. As of the Latest Practicable Date, we did not provide any guarantee or mortgage in favour of our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DELINEATION OF BUSINESSES

No competition and clear delineation of business

As of the Latest Practicable Date and so far as our Directors are aware, (1) apart from the interest in our Group, none of our Controlling Shareholders and their respective close associates was engaged or had any interest in any business which, directly or indirectly, competes or may compete with the business of our Group, which would require disclosure under Rule 8.10 of the

Listing Rules; and (2) none of our Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

1. our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholders or their associates, our Company will comply with the applicable Listing Rules;

2. where a Shareholders' meeting is to be held for considering proposed transactions in which a Controlling Shareholder or its associates have any material interest, the relevant Controlling Shareholder shall not vote on the resolutions and shall not be counted in the quorum for the voting;

3. our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in the section headed "Directors and Senior Management" individually and together possess the requisite knowledge and experience to perform their roles. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interest of our minority Shareholders;

4. where the advice from an independent professional, such as that from a financial advisor, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such an independent professional will be made at our Company's expenses; and

5. we have appointed Guotai Junan Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority shareholders' rights after the **[REDACTED]**.

OVERVIEW

We have in the past conducted transactions with certain entities, which will fall under the definition of connected persons (as defined under Chapter 14A of the Listing Rules) upon **[REDACTED]**. Such transactions will continue after the **[REDACTED]** and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

The table below sets forth the parties who will become our connected persons upon **[REDACTED]** and the nature of their relationship with our Group:

Name of the connected person	Relationship with our Group
UP OPTOTECH	our substantial Shareholder
Luster	an associate of our non-executive Director, Ms. YANG Yi

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transactions	Applicable Listing Rules	Waiver sought
Fully-exempt Continuing Connected Transactions		
Sales of products to UP OPTOTECH and its subsidiaries (the "**UP OPTOTECH Group**").	14A.52 and 14A.76(1)(a)	N/A
Provision of services to UP OPTOTECH Group	14A.52 and 14A.76(1)(a)	N/A
Partially-exempt Continuing Connected Transactions		
Sales of products to Luster and its subsidiaries (the "**Luster Group**")	14A.35 14A.76 14A.105	Announcement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sales to UP OPTOTECH Group

Background

During the Track Record Period, we sold CMOS image sensors and provided customized solution services to UP OPTOTECH Group.

UP OPTOTECH Framework Agreement

We entered into a framework agreement with UP OPTOTECH on [•], 2025 (the "**UP OPTOTECH Framework Agreement**") in relation to our sales of CMOS image sensors and provision of customized solution services to UP OPTOTECH Group taking effect upon the **[REDACTED]**. Under the UP OPTOTECH Framework Agreement, our Group will enter into separate agreements which specify the precise scope, specific terms and conditions, method of payment and calculation of fees or charges in respect of the sales of each type of products and the provision of each type of services. The fees to be charged by us on UP OPTOTECH Group will be determined based on, among other things, the type of products or services provided, after arm's length negotiations between the parties with reference to the market rates.

The term of the UP OPTOTECH Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2026.

Pricing Policies

Prior to entering into any individual agreement with UP OPTOTECH Group, we will determine the applicable price or fee by referencing the prevailing market rates we charge Independent Third Parties for comparable products or services. In addition, when setting the price or fee for UP OPTOTECH Group, we will take into account factors such as sales volume, the nature of the products or services, and current market rates, including those offered to other third parties.

Reasons for the Transactions

Considering our market leading position in high-performance CMOS image sensors and customized solution services, it is expected that UP OPTOTECH Group will continue to place order(s) with us. We will rely on our pricing policies and internal control measures to ensure that the terms for sales of our products and provision of our services to UP OPTOTECH Group are fair and reasonable, or no less favorable than those made to the Independent Third Parties and are carried out under normal commercial terms.

Historical Amounts

The historical transaction amounts of our sales of products to UP OPTOTECH and one of its subsidiaries during Track Record Period are set out below:

	Transaction amounts (RMB'000)		
	For the financial year ended December 31,		
	2022	2023	2024
UP OPTOTECH Group	967	110	224

The historical transaction amounts of our provision of services to UP OPTOTECH Group during the Track Record Period are set out below:

	Transaction amounts (RMB'000)		
	For the financial year ended December 31,		
	2022	2023	2024
UP OPTOTECH Group	—	—	2,798

Annual Caps

In respect of our sales of products to UP OPTOTECH Group, it is expected that (i) we will not incur any transaction with UP OPTOTECH Group for the one month period from December 1, 2025 to December 31, 2025, and (ii) the total transaction amounts for the year ending December 31, 2026 will not exceed RMB2,700,000.

In respect of our provision of services to UP OPTOTECH Group, it is expected that (i) we will not incur any transaction with UP OPTOTECH Group for the one month period from December 1, 2025 to December 31, 2025, and (ii) the total service fees we charge UP OPTOTECH Group for the year ending December 31, 2026 will not exceed RMB2,700,000.

The proposed annual caps have been determined with reference to the following factors: (1) the historical transaction amounts for comparable transactions during the Track Record Period; (2) the estimated demand for our products or services by UP OPTOTECH Group; and (3) the prevailing market rates, determined with reference to the current prices and fees we offer to Independent Third Parties.

Listing Rules Implications

As the highest applicable percentage ratio of the contemplated transactions with respect to each of our sales of products and our provision of services to UP OPTOTECH Group under the UP OPTOTECH Framework Agreement is expected to be less than 5% and the annual consideration for each transaction is expected to be less than HK$3 million, each of these transactions constitutes *de minimis* transactions under Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sales to Luster Group

Background

During the Track Record Period, we sold CMOS image sensors to Luster Group.

Luster Framework Agreement

We entered into a framework agreement with Luster on [•], 2025 (the "**Luster Framework Agreement**", together with the UP OPTOTECH Framework Agreement, the "**Framework Agreements**" and each a "**Framework Agreement**") in relation to our sales of products to Luster Group taking effect upon the **[REDACTED]**. Under the Luster Framework Agreement, our Group will enter into separate agreements which specify precise scope, specific terms and conditions, method of payment and calculation of fees or charges in respect of the sales of each type of products. The fees to be charged by us on Luster Group will be determined based on, among other things, the type of products, after arm's length negotiations between the parties with reference to the market rates.

The term of the Luster Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2026.

Pricing Policies

Prior to entering into any individual agreement with Luster Group, we will determine the applicable price or fee by referencing the prevailing market rates we charge Independent Third Parties for comparable products. In addition, when setting the price or fee for Luster Group, we will take into account factors such as sales volume, the nature of the products or services, and current market rates, including those offered to other third parties.

Reasons for the Transactions

Considering our market leading position in high-performance CMOS image sensors, it is expected that Luster Group will continue to place order(s) with us. We will rely on our pricing policies and internal control measures to ensure that the terms for sales of our products to Luster Group are fair and reasonable, or no less favorable than those made to the Independent Third Parties and are carried out under normal commercial terms.

Historical Amounts

The historical transaction amounts of our sales of products to Luster and its two subsidiaries during the Track Record Period are set out below:

	Transaction amounts (RMB'000)		
	For the financial year ended December 31,		
	2022	**2023**	**2024**
Luster Group.	8,375	4,958	5,960

Annual Cap

It is expected that (i) the total transaction amounts for the one month period from December 1, 2025 to December 31, 2025 will not exceed RMB2,000,000, and (ii) the total transaction amounts for the year ending December 31, 2026 will not exceed RMB10,000,000.

The proposed annual cap has been determined with reference to the following factors: (1) the historical transaction amounts for comparable transactions during the Track Record Period; (2) the estimated demand for our products by Luster Group; and (3) the prevailing market rates, determined with reference to the current prices we offer to Independent Third Parties.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the contemplated transactions under the Luster Framework Agreement is expected to be more than 0.1% but less than 5%, the transactions contemplated thereunder will be subject to the reporting, annual review, announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76 of the Listing Rules.

Confirmation from our Directors

Our Directors (including the independent non-executive Directors) are of the view that the partially-exempt continuing connected transactions with Luster Group have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and the Shareholders as a whole, and the proposed annual cap in respect of such transactions are fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Confirmation from the Joint Sponsors

Based on the documentation and data provided by us, due diligence conducted and discussion with us, the Joint Sponsors are of the view that the abovementioned partially-exempt continuing connected transactions with Luster Group have been and will be entered into in the ordinary and usual course of the Company's business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and the Shareholders as a whole, and the proposed annual caps in respect of such transactions are fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Waiver Applications in relation to the Continuing Connected Transactions

We have applied to the Stock Exchange for, and the Stock Exchange [has granted us], a waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the transactions described under the sub-section headed "Partially-exempt Continuing Connected Transactions".

The independent non-executive Directors and auditors of our Company will review whether the transactions under the above continuing connected transactions with Luster Group have been entered into pursuant to the principal terms and pricing policies under the Luster Framework Agreement. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

Our Company will comply with the applicable requirements under the Listing Rules if any of the proposed annual caps set out above are exceeded, or when there is a material change in the terms of these transactions.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under the Framework Agreements for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to Independent Third Parties, and are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee is responsible for reviewing compliance with relevant laws, regulations, our policies and the Listing Rules in respect of the continuing connected transactions. Further, the audit committee, the Board and various internal departments of our Company (including but not limited to the finance department and the legal department) are jointly responsible for evaluating the terms under Framework Agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;

- the audit committee, the Board and various other internal departments of our Company (including but not limited to the finance department and the legal department) will regularly monitor the fulfillment status and the transaction updates under the Framework Agreements. In addition, our management shall also regularly review the pricing policies of the Framework Agreements;

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the Framework Agreements and provide annual confirmation to ensure that in accordance with Rules 14A.55 and 14A.56 of the Listing Rules that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;

- when considering the fees and charges in relation to the transactions with connected persons, we will regularly research into prevailing market conditions and practices and make reference to the pricing and terms between our Group and Independent Third Parties for similar transactions, to make sure that the pricing and terms offered to the above connected persons from mutual commercial negotiations, are fair, reasonable and are no less favorable than those offered to Independent Third Parties; and

- when considering any renewal or revisions to the Framework Agreements after **[REDACTED]**, the interested Directors and Shareholders will abstain from voting on the resolutions to approve such continuing connected transactions at the relevant board meetings or shareholders' meetings (as the case may be), and the terms of the proposed renewal or revisions of the Framework Agreements will be considered by our independent non-executive Directors.

OVERVIEW

Upon **[REDACTED]**, our Board will consist of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors.

The following table sets forth certain information in respect of our Directors:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of Appointment as Director	Relationship with other Directors and senior management
Executive Directors						
Dr. WANG Xinyang ("**Dr. Wang**") 王欣洋博士	45	Chairman, General Manager, Chief Executive Officer, Executive Director	Leading overall strategic planning, business development, and operational management of our Group.	September 3, 2012	September 3, 2012	Spouse of Dr. Zhang
Dr. ZHANG Yanxia ("**Dr. Zhang**") 張艷霞博士	45	Deputy General Manager, Board Secretary, Chief Operation Officer, Executive Director, Joint Company Secretary	Overseeing and managing day-to-day operations, strategic planning and business development of our Group.	February 28, 2013	December 16, 2022	Spouse of Dr. Wang
Ms. WU Qinyun 鄔勤耘女士	38	Deputy General Manager, Chief Financial Officer, Head of Finance, Executive Director	Responsible for the overall financial strategy, accounting, tax, treasury related matters and finance business of our Group.	May 6, 2021	December 16, 2022	N/A

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of Appointment as Director	Relationship with other Directors and senior management
Non-executive Directors						
Ms. YANG Yi 楊藝女士	55	Non-executive Director	Providing advice on the operation and management of our Group.	September 3, 2012	September 3, 2012	N/A
Dr. CHU Hairong 儲海榮博士	42	Non-executive Director	Providing advice on the operation and management of our Group.	June 5, 2025	June 5, 2025	N/A
Dr. XIONG Jingying 熊晶瑩博士	36	Non-executive Director	Providing advice on the operation and management of our Group.	June 5, 2025	June 5, 2025	N/A
Independent non-executive Directors						
Dr. WANG Xinlu 王新路博士	38	Independent non-executive Director	Supervising and providing independent judgement to our Board.	December 16, 2022	December 16, 2022	N/A
Dr. XIE Ning 解寧博士	43	Independent non-executive Director	Supervising and providing independent judgement to our Board.	December 16, 2022	December 16, 2022	N/A
Dr. GAO Teng 高騰博士	55	Independent non-executive Director	Supervising and providing independent judgement to our Board.	June 5, 2025	June 5, 2025	N/A

DIRECTORS

Executive Directors

Dr. WANG Xinyang (王欣洋博士), aged 45, is the founder of our Company and has served as a Director, the General Manager and the Chief Executive Officer of our Company since our establishment in September 2012. He has also been the Chairman of our Board since April 2021 and has been re-designated as our executive Director on June 5, 2025. He is responsible for leading the overall strategic planning, business development, and operational management of our Group. Dr. Wang is the spouse of Dr. Zhang, executive Director of our Company. He currently also serves as a director or the legal representative of the corporate director (where applicable) of all of our subsidiaries.

Dr. Wang has more than 16 years of technical and management experience in the semiconductor industry. Prior to establishing our Company in September 2012, he joined CMOSIS NV, a Belgian company engaged in CMOS image sensor design, as an image sensor specialist since November 2008 and worked at the company for almost four years.

Dr. Wang received a bachelor's degree in Applied Electronics from Zhejiang University (浙江大學) in June 2002, a master's degree in Microelectronics Systems Design from the University of Southampton in January 2004, and a doctoral degree with a research focus in CMOS image sensor from Delft University of Technology in November 2008. Dr. Wang obtained the First Prize of Jilin Provincial Science and Technology Award (吉林省科學技術一等獎) in November 2021 as a result of his outstanding contribution in manufacturing and application of CMOS image sensors.

Dr. Wang was a general manager and person in charge of the following dissolved companies and confirmed that the following companies were solvent immediately prior to their dissolution and had no outstanding claims or liabilities. The relevant details are as follows:

Company name	Place of establishment	Position held	Date of dissolution	Reasons	Nature of business before dissolution
Xi'an Aoguang Chenxin Technology Co. Ltd.* (西安奧光辰芯科技有限公司) .	PRC	General manager	January 12, 2021	Dissolved by deregistration due to no actual business operations as confirmed by Dr. Wang	Integrated circuit chip design and services, etc.

Company name	Place of establishment	Position held	Date of dissolution	Reasons	Nature of business before dissolution
Gpixel Microelectronics Inc. Xi'an Branch* (長春長光辰芯光電技術有限公司西安分公司)	PRC	Person in charge	July 30, 2020	Dissolved by deregistration due to no actual business operations as confirmed by Dr. Wang	Integrated circuit chip design and services, etc.

Dr. ZHANG Yanxia (張艷霞博士), aged 45, has served as a Director, Deputy General Manager, Board Secretary of our Company since December 2022 and has been re-designated as our Executive Director on June 5, 2025. She has also served as our Chief Operation Officer since August 2018, and prior to which, served as our Marketing Director from February 2013 to August 2018. She is responsible for overseeing and managing the Group's day-to-day operations, strategic planning and business development. She has been appointed as one of our Joint Company Secretaries since June 5, 2025. Dr. Zhang is the spouse of Dr. Wang, Chairman of the Board. She currently also serves as a director of our subsidiary, Changguang Yuanxin.

Dr. Zhang has more than 16 years of technical, marketing and operational management experience in the semiconductor industry. Prior to joining our Company in February 2013, she was a research scientist at Philips Electronics Nederland BV, which is a subsidiary of Royal Philips, a listed company on the New York Stock Exchange and Amsterdam Stock Exchange (NYSE: PHG, AEX: PHIA), since December 2010 and worked at the company for approximately two years. Since July 2008, she was responsible for illumination optics at Mapper Lithography BV, a Dutch company engaged in maskless lithography and worked at the company for approximately two years.

Dr. Zhang received a bachelor's degree in Electronic Engineering from Zhejiang University (浙江大學) in June 2002, a master's degree in Electrical Engineering from Concordia University in May 2005, and a doctoral degree with a research focus in imaging physics from Delft University of Technology in November 2008. Dr. Zhang obtained the First Prize of Jilin Provincial Science and Technology Award (吉林省科學技術一等獎) in November 2021 as a result of her outstanding contribution in manufacturing and application of CMOS image sensors.

Dr. Zhang was an executive director and general manager of the following dissolved company and confirmed that the following company was solvent immediately prior to its dissolution and had no outstanding claims or liabilities. The relevant details are as follows:

Company name	Place of establishment	Position held	Date of dissolution	Reason	Nature of business before dissolution
Changchun Saisi Imaging Technology Co. Ltd.* (長春賽斯成像技術有限公司).	PRC	Executive Director and general manager	September 14, 2016	Dissolved by deregistration due to no actual business operations as confirmed by Dr. Zhang	R&D, sales and consulting services for electronic products and etc.

Ms. WU Qinyun (鄔勤耘女士), aged 38, has been serving as a Director, Deputy General Manager and Chief Financial Officer of our Company since December 2022 and re-designated as our Executive Director on June 5, 2025. She joined our Group in May 2021 as a Senior Finance Manager and has been promoted as our Chief Financial Officer since April 2022 and Head of Finance since May 2022. Ms. Wu is responsible for the financial strategy, accounting, tax, treasury related matters and finance business of our Group. She currently also serves as a director of our subsidiaries Gpixel Belgium and Changguang Yuanxin.

Ms. Wu has approximately 15 years of experience in financial management and auditing. Prior to joining our Group, Ms. Wu was as a finance manager at Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司) a company whose shares are listed on the Shenzhen Stock Exchange (Stock code: 002415) from December 2018 to April 2021 and was a senior auditor at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) from September 2011 to December 2018.

Ms. Wu received a master's degree in Management from the University of Bath in November 2010. She is a Certified Public Accountant in the People's Republic of China.

Non-executive Directors

Ms. YANG Yi (楊藝女士), aged 55, has been appointed as our Director since September 2012. She has been re-designated as our non-executive Director since June 5, 2025 and is responsible for providing advice on the operation and management of our Group.

Ms. Yang has approximately 28 years of experience in the optoelectronics industry and corporate management field. She is the co-founder of Luster, a company listed on the Shanghai Stock Exchange (stock code: 688400) and has been serving as its director and vice general manager since its establishment in August 2002. Prior to the establishment of Luster, Ms. Yang founded Beijing Lingyun Guangtong Technology Co., Ltd. (北京凌雲光通技術有限公司) in July 1997.

Ms. Yang received a bachelor's degree in Engineering Physics from Tsinghua University (清華大學) in July 1992.

Ms. Yang was a director, supervisor or person in charge (as the case may be) of the following dissolved companies and confirmed that the following companies were solvent immediately prior to their dissolution and had no outstanding claims or liabilities. The relevant details are as follows:

Company name	Place of establishment	Position held	Date of dissolution	Reasons	Nature of business before dissolution
Beijing Luster Lightech Investment Holding Co. Ltd.* (北京凌雲光子投資控股有限責任公司)	PRC	Director	March 23, 2020	Adjustment of business strategy as confirmed by Ms. Yang	Investment management and asset management, etc.
Beijing Lingyun Broadband Communication Technology Co. Ltd.* (北京凌雲寬帶通信技術有限公司)	PRC	Supervisor	February 24, 2020	Adjustment of business strategy as confirmed by Ms. Yang	Technical development and consulting for communication equipment, etc
Beijing Luyuan Broadband Communication Technology Co. Ltd.* (北京路源寬帶通信技術有限公司)	PRC	Supervisor	August, 27 2008	Adjustment of business strategy as confirmed by Ms. Yang	Technical development and consulting for communication equipment, etc.

Company name	Place of establishment	Position held	Date of dissolution	Reasons	Nature of business before dissolution
Beijing Luyuan Guangtong Technology Co. Ltd. Haidian Branch* (北京路源光通科技有限公司海淀分公司)	PRC	Person in Charge	January 15, 2020	Adjustment of business strategy as confirmed by Ms. Yang	Technical development and consulting for communication equipment, etc.
Luster Lighttech Co. Limited (凌雲光子技術有限公司).	Hong Kong	Director	June 25, 2021	Adjustment of business strategy as confirmed by Ms. Yang	Fiber optic device and instrument sales

Dr. CHU Hairong (儲海榮博士), aged 42, was appointed as our non-executive Director on June 5, 2025. He is responsible for providing advice on the operation and management of our Group.

Dr. Chu has nearly 15 years of experience in scientific research and management in the optoelectronics field. Since November 2024, he has served as a director of UP OPTOTECH, our substantial shareholder and a company listed on the Shenzhen Stock Exchange (stock code: 002338). Dr. Chu has also been serving as a deputy general manager of Changguang Precision since January 2024. Prior to joining UP OPTOTECH and Changguang Precision, Dr. Chu was at CIOMP from June 2010 to December 2023. During his tenure at CIOMP, he successively served in various positions, including an associate researcher and deputy researcher in the new technology division, a researcher in the Daheng optoelectronics technology strategic research center and a deputy director of the intellectual property and technology transfer office.

Dr. Chu received a bachelor's degree in Electronic Information Engineering from Jilin University (吉林大學) in July 2005, and a doctoral degree in Mechatronics Engineering from CIOMP in July 2010. He is a certified senior engineer of the Chinese Academy of Sciences.

Dr. XIONG Jingying (熊晶瑩博士), aged 36, was appointed as our non-executive Director on June 5, 2025. She is responsible for providing advice on the operation and management of our Group.

Dr. Xiong has over seven years of experience in corporate and operational management in the microelectronics industry. She currently serves as an assistant to the general manager of UP OPTOTECH, our substantial shareholder and a company listed on the Shenzhen Stock Exchange (stock code: 002338) since October 2024. Prior to joining UP OPTOTECH, Dr. Xiong worked at Changguang Precision from July 2017 to October 2024. During her tenure at Changguang Precision, she successively served as a member of state-owned assets supervision department, a manager of comprehensive management department, and a manager of enterprise development department lastly, where she was responsible for industrial cluster development and the implementation of phase III of the optoelectronics industry park.

Dr. Xiong received a bachelor's degree in Detection, Guidance and Control Technology from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in June 2012, and a doctoral degree in Optical Engineering from University of Chinese Academy of Sciences (中國科學院大學) in July 2017. She is a certified senior engineer of the Chinese Academy of Sciences.

Independent Non-executive Directors

Dr. WANG Xinlu (王新路博士), aged 38, has been serving as our independent Director since December 2022 and re-designated as our independent non-executive Director on June 5, 2025. He is responsible for supervising and providing independent judgment to our Board.

Dr. WANG Xinlu has approximately 10 years of experience in the fields of accounting and finance. Since July 2019, he has served as an associate professor at Jinan University (暨南大學). Prior to that, he held faculty positions (including as associate professor) at Southwestern University of Finance and Economics (西南財經大學) from October 2015 to July 2019.

In addition to his academic roles, Dr. WANG Xinlu has been serving as an independent director, chairman of audit committee and member of remuneration and appraisal committee of Jiangxi Jovo Energy Co., Ltd. (江西九豐能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 605090) since January 2024 and an independent director and chairman of both the audit committee and remuneration and appraisal committee of Skyverse Technology Co., Ltd. (深圳中科飛測科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688361), since December 2020.

Dr. WANG Xinlu received a bachelor's degree in Accounting from Huazhong University of Science and Technology (華中科技大學) in June 2008, a master's degree in Accounting from Xiamen University (廈門大學) in June 2011, and a doctoral degree with a research focus in Financial Accounting and Capital Market from the University of Hong Kong in November 2015. He is a Certified Public Accountant in the People's Republic of China.

Dr. XIE Ning (解寧博士), aged 42, has been serving as our independent Director since December 2022 and re-designated as our independent non-executive Director on June 5, 2025. She is responsible for supervising and providing independent judgment to our Board.

Dr. Xie has over 12 years of experience in the semiconductor and microelectronics engineering industries. Since August 2023, she has been serving at Wuxi Shenglang Microelectronics Co., Ltd. (無錫晟朗微電子有限公司). Prior to that, from October 2012 to July 2023, she served as researcher at the Shanghai Institute of Technical Physics, Chinese Academy of Sciences (中國科學院上海技術物理研究所).

Dr. Xie received a bachelor's degree in Electronic Information Engineering from Zhejiang University (浙江大學) in June 2004, a master's degree in Electrical Engineering and a doctoral degree with a research focus in CMOS image sensor from Delft University of Technology in August 2007 and July 2012, respectively.

Dr. GAO Teng (高騰博士), aged 55, was appointed as an independent non-executive Director of our Company on June 5, 2025. He is responsible for supervising and providing independent judgment to our Board.

Dr. Gao has nearly 25 years of experience in the semiconductor and microelectronics industry. Since January 2025, Dr. Gao has been appointed as the chief executive officer of the Hong Kong Microelectronics Research and Development Institute ("**MRDI**") (香港微電子研發院), a HKSAR Government-initiated and financed organization. He is responsible for leading MRDI's collaboration among universities, research centers and industry partners to support the research of third-generation semiconductor core technologies and microelectronic development in the Asia-Pacific region. Dr. Gao began his career in the microelectronics industry by joining IMEC vzw, a leading nanoelectronics R&D center based in Belgium as its business development manager in October 2001. He also served as the general manager of IMEC Microelectronics (Shanghai) Co., Ltd. (愛勵科微電子(上海)有限公司) from August 2010 to April 2015, during which he was responsible for managing the expansion and business development of IMEC Microelectronics (Shanghai) Co., Ltd. in China. From May 2015 to August 2023, Dr. Gao served as the senior deputy general manager of the Shanghai Industrial Technology Research Institute ("**SITRI**") (上海微技術工業研究院), an organization co-founded by, among others, the Shanghai City Science Technology Committee (上海市科學技術委員會) of the Shanghai Government. During his tenure at SITRI, Dr. Gao served as the president of SITRI's affiliated entity, namely Fuzhou Internet of Things Open Lab (FIoT-LAB) (福州物聯網開放實驗室) from March 2017 to July 2023. From August 2023 to July 2024, Dr. Gao served as the deputy general manager of Zhejiang ICsprout Semiconductor Co., Ltd.* (浙江創芯集成電路有限公司), responsible for strategic management related matter.

Dr. Gao received a bachelor's degree in Automatic Control from the Southeast University (東南大學) in July 1991, a master's degree in Engineering and a doctoral degree in Applied Sciences from Catholic University of Leuven (KU Leuven) in June 1995 and September 2000, respectively, and a degree of Master of Business Administration from China Europe International Business School (中歐國際工商學院), the only business school in China co-founded by the Chinese Government and the European Union, in January 2014.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; and (iii) did not hold any other directorships in listed companies in the three years prior to the date of this document.

Immediately following completion of the **[REDACTED]**, save for the interests in the Shares which are disclosed in the sections headed "Substantial Shareholders" and "Appendix VI — Statutory and General Information" in this document, each of our Directors will not have any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

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 under Rule 3.09D of the Listing Rules on June 9, 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 has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Listing Rules.

SENIOR MANAGEMENT

The following table shows the key information of our senior management as at the date of this document:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as senior management member	Relationship with other Directors and senior management
Dr. WANG Xinyang 王欣洋博士	45	Chairman, General Manager, Chief Executive Officer, Executive Director	Leading overall strategic planning, business development, and operational management of our Group	September 3, 2012	September 3, 2012	Spouse of Dr. Zhang
Dr. ZHANG Yanxia 張艷霞博士	45	Deputy General Manager Board Secretary, Chief Operation Officer, Executive Director, Joint Company Secretary	Overseeing and managing day-to-day operations, strategic planning and business development of our Group	February 28, 2013	December 16, 2022	Spouse of Dr. Wang

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as senior management member	Relationship with other Directors and senior management
Ms. WU Qinyun 鄔勤耘女士	38	Deputy General Manager, Chief Financial Officer Head of Finance, Executive Director	Responsible for the overall financial strategy, accounting, tax, treasury related matters and finance business of our Group	May 6, 2021	May 30, 2022	N/A
Dr. MA Cheng 馬成博士	37	Deputy General Manager, Director of R&D	Responsible for overseeing the Group's product development and technological innovation	November 8, 2012	December 16, 2022	N/A

Our executive Directors, namely, Dr. Wang, Dr. Zhang and Ms. WU Qinyun, concurrently hold senior management positions in our Group. For each of their biographies, please see "— Directors — Executive Directors" in the subsection above.

Dr. MA Cheng (馬成博士), aged 37, has been serving as the Deputy General Manager and the director of R&D of our Company since December 2022 and November 2012, respectively. He is responsible for overseeing the Group's product development and technological innovation.

Dr. Ma currently also serves as a director of R&D and supervisor of Gpixel Hangzhou, and a supervisor of Gpixel Dalian, both of which are subsidiaries of our Company. Prior to joining our Group in November 2012, he was a design engineer at CMOSIS NV from September 2010 to October 2012.

Dr. Ma received a bachelor's degree in Electronic Information Engineering from Huazhong University of Science and Technology (華中科技大學) in June 2008, a master's degree in Electrical Engineering from Delft University of Technology in September 2010, and a doctoral degree in Circuits and Systems from Jilin University (吉林大學) in June 2019. Dr. Ma obtained the First Prize of the Jilin Provincial Science and Technology Award (吉林省科學技術一等獎) in November 2021 as a result of his outstanding contribution in manufacturing and application of CMOS image sensors.

JOINT COMPANY SECRETARIES

Dr. ZHANG Yanxia (張艷霞博士), aged 45, was appointed as our joint company secretary on June 5, 2025. For details of her background, see "— Directors — Executive Directors" above.

Mr. CHENG Ching Kit (鄭程傑先生), aged 37, was appointed as the other joint company secretary of our Company on June 5, 2025.

Mr. Cheng has more than 12 years of experience in the corporate secretarial field. He is currently an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), a professional service provider specializing in corporate services. Mr. Cheng has been an associate member of both The Hong Kong Chartered Governance Institute (香港公司治理公會) and The Chartered Governance Institute in the United Kingdom (英國特許公司治理公會) since June 2018.

Mr. Cheng received a bachelor of commerce degree in Finance from the University of Queensland in Australia in December 2010, and his master's degree in Chinese law from the University of Hong Kong in November 2022.

Pursuant to Rule 3.28 of the Listing Rules, an issuer must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules, with regards to the qualifications of company secretary. For further details of the waiver application, please see "Waivers and Exemptions" in this document.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant laws and regulations in mainland China, the Articles and the code of corporate governance practices under the Listing Rules, namely the audit committee, the remuneration and appraisal committee, the nomination committee and the strategy committee. The functions of the four committees are summarized as follows:

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with paragraph D.3 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules. The primary duties of our audit committee are to (i) provide an independent view of the effectiveness of our financial reporting, risk management and internal control systems, (ii) oversee our audit process, develop and review policies; and (iii) perform other duties and responsibilities as assigned by our Board.

Our audit committee comprises three members, namely Dr. WANG Xinlu, Dr. XIE Ning and Dr. XIONG Jingying. Dr. WANG Xinlu is the chairman of the audit committee, who is an independent non-executive Director with the appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee in compliance with Rule 3.25 of the Listing Rules and with written terms of reference in compliance in compliance with paragraph E.1 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules. The primary duties of the remuneration and appraisal committee are to (i) establish, review and make recommendations to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determine the terms of the specific remuneration package of each executive Director and senior management; (iii) review and approve performance-based remuneration with reference to corporate goals and objectives resolved by our Board from time to time; and (iv) approve matters relating to share schemes under chapter 17 of the Listing Rules.

Our remuneration and appraisal committee comprises three members, namely Dr. XIE Ning, Dr. WANG Xinlu, and Dr. Zhang. Dr. XIE Ning is the chairwoman of the remuneration and appraisal committee.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules. The primary duties of the nomination committee are to (i) review the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and make recommendations regarding any proposed changes to its composition; (ii) identify, select or make recommendations to our Board on the selection of nominees for directorship; (iii) ensure the diversity of our Board; (iv) assess the independence of our independent non-executive Directors; (v) make recommendations to our Board on relevant matters relating to the appointment, re-appointment, removal and succession of our Directors and (vi) support our Company's regular evaluation of the Board's performance.

Our nomination committee comprises three members, namely Dr. Wang, Dr. XIE Ning and Dr. WANG Xinlu. Dr. Wang is the chairman of the nomination committee.

Strategy Committee

We have established a strategy committee with written terms of reference. The primary duties of the strategy committee are to make recommendations to our Board on the long-term development strategy and the Company's major investments and projects.

Our Strategy Committee comprises three members, namely Dr. Wang, Dr. Zhang and Ms. WU Qinyun. Dr. Wang is the chairman of the Strategy Committee.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract talents and to retain and motivate employees. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, research and development, sales and marketing, legal compliance and corporate finance. The ages of our Directors range from 36 years old to 55 years old, and we have female directors constituting more than half of members on the Board. Our nomination committee will review and assesses the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our nomination committee will consider the benefits of all aspects of diversity, including but without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members, in particular, members of our nomination committee, to recommend female candidate directors and take other actions to help foster board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to have a better understanding of potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us when we consult our compliance advisor in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including share issues and share repurchases;

(iii) where our Group proposes to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The terms of appointment of the compliance advisor shall commence on the **[REDACTED]** and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]** and such appointment may be subject to extension by mutual agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix C1 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Wang is currently the Chairman, General Manager and Chief Executive Officer of our Company. In view of the fact that Dr. Wang has been assuming the responsibilities in the overall management and supervision of the daily operations of our Group since September 2012, our Board believes that it is in the best interest of our Group to have Dr. Wang taking up both roles for effective management and operations.

Therefore, our Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, our Directors are of the view that our Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with members of our Board and the relevant Board committee, and there are three independent non-executive Directors on our Board offering independent perspective, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within our Board. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

Save as disclosed above, we expect to comply with the code provisions stated in the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules after the **[REDACTED]**. Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

REMUNERATION POLICY

The aggregate amounts of remuneration (including fees, salaries, bonuses, allowances, share-based payments and pension scheme contributions) for our Directors and supervisors for each of the three years ended December 31, 2024 was approximately RMB366.2 million, RMB6.9 million and RMB6.8 million, respectively. There was no arrangement under which our Directors waived or agreed to waive any remuneration during the aforesaid periods.

For each of the three years ended December 31, 2024, the five highest paid individuals of our Company included one, nil and nil Director, respectively. The aggregate remuneration (including salaries, bonuses, allowances, share-based payments and pension scheme contributions) paid to our Group's five highest remuneration individuals were approximately RMB378.1 million, RMB37.0 million and RMB44.5 million, respectively.

Under the current arrangement, the aggregate remuneration payable to the Directors for the year ending December 31, 2025 are estimated to be approximately RMB5.6 million.

During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office.

Save as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

For further details of the remuneration of our Directors, please see note 8 to Appendix I to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, (i) as of the Latest Practicable Date, and (ii) immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the following persons are expected to have or be deemed or taken to have an interest and/or a short position in our Shares or the underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Name of Shareholder	Nature of interest	Description of Shares[1]	Shares held in the total share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED]		Shares held in the total share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
			Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Dr. Wang	Beneficial owner/ interest in controlled corporation/ interest of spouse	**[REDACTED]** Shares (L)	183,267,000	49.53%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
Dr. Zhang	Beneficial owner/ interest of spouse	**[REDACTED]** Shares (L)	183,267,000	49.53%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
Hangzhou Qixin (杭州祺芯)	Interest in controlled corporation	**[REDACTED]** Shares (L)	75,000,000	20.27%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
Zhuhai Yunchen (珠海雲辰)	Beneficial owner	**[REDACTED]** Shares (L)	52,800,000	14.27%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
Zhuhai Xuchen (珠海旭辰)	Beneficial owner	**[REDACTED]** Shares (L)	22,200,000	6.00%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**

Name of Shareholder	Nature of interest	Description of Shares(1)	Shares held in the total share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED]		Shares held in the total share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
			Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
UP OPTOTECH. . .	Beneficial owner	**[REDACTED]** Shares (L)	94,571,000	25.56%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
Luster	Beneficial owner	**[REDACTED]** Shares (L)	37,829,000	10.22%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
YAO Yi(2)	Interest in controlled corporation/Interest of spouse	**[REDACTED]** Shares (L)	37,829,000	10.22%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**
YANG Yi(2)	Interest in controlled corporation/Interest of spouse	**[REDACTED]** Shares (L)	37,829,000	10.22%	**[REDACTED]**	**[REDACTED]**
		[REDACTED] (L)	—	—	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The Letter "L" denotes the person's long position in our Shares.

(2) As at the Latest Practicable Date, Mr. YAO Yi (spouse of Ms. YANG Yi) and Ms. YANG Yi (our non-executive Director) directly held 43.44% and 5.11% interests in Luster, respectively. Under the SFO, Mr. YAO Yi is deemed to be interested in the Shares held by Luster in our Company. Ms. YANG Yi is the spouse of Mr. YAO Yi. Under the SFO, Ms. YANG Yi and Mr. YAO are deemed to be interested in the Shares held by each other.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), have an interest or a short positions in any Shares or underlying Shares, which will be required 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 who will be, directly or indirectly interested in 10% or more of the issued voting shares of our Company.

SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, our share capital was RMB370,000,000, divided into 370,000,000 **[REDACTED]** Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the **[REDACTED]** assuming the **[REDACTED]** is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the share capital
[REDACTED] Shares in issue[1]	**[REDACTED]**	**[REDACTED]**
[REDACTED] converted from **[REDACTED]** Shares[1]	**[REDACTED]**	**[REDACTED]**
[REDACTED] to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00%**

Assuming the **[REDACTED]** is exercised in full, the share capital of our Company upon completion of the **[REDACTED]** will be as follows:

Description of Shares	Number of Shares	Approximate % of the share capital
[REDACTED] Shares in issue[1]	**[REDACTED]**	**[REDACTED]**
[REDACTED] converted from **[REDACTED]** Shares[1]	**[REDACTED]**	**[REDACTED]**
[REDACTED] to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00%**

Note:

(1) See "History, Development and Corporate Structure — Full Circulation for details of the **[REDACTED]** Shares and the **[REDACTED]** converted from **[REDACTED]** Shares".

SHARES OF OUR COMPANY

The **[REDACTED]**, to be issued following the completion of the **[REDACTED]** and converted from the **[REDACTED]** Shares, and the **[REDACTED]** Shares are ordinary Shares in the share capital of our Company, all of which are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, investors of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars.

[REDACTED] Shares and **[REDACTED]** are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF OUR [REDACTED] SHARES INTO [REDACTED]

According to the regulations issued by the CSRC and our Articles of Association, the holders of our **[REDACTED]** Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective **[REDACTED]** Shares to **[REDACTED]**, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, **[REDACTED]** and **[REDACTED]** shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their **[REDACTED]** Shares.

If any of the **[REDACTED]** Shares are to be converted, **[REDACTED]** and **[REDACTED]** as **[REDACTED]** on the Stock Exchange, the approvals of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of **[REDACTED]** Shares into **[REDACTED]** as set forth below, before any proposed conversion after the **[REDACTED]**, we will apply for the **[REDACTED]** of all or any portion of the **[REDACTED]** Shares on the Stock Exchange as **[REDACTED]** to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the **[REDACTED]** register. As the **[REDACTED]** of additional Shares after the **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the **[REDACTED]** and trading of such converted Shares on an overseas stock exchange. Any application for **[REDACTED]** of the converted shares on the Stock Exchange after our initial **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant **[REDACTED]** Shares will be withdrawn from the **[REDACTED]** Share register, and our Company will re-register such Shares on the **[REDACTED]** register maintained in Hong Kong and instruct the **[REDACTED]** to issue **[REDACTED]** certificates. Registration on the **[REDACTED]** register of our Company will be on the conditions that (i) the **[REDACTED]** lodges with the Stock Exchange a letter confirming the entry of the relevant **[REDACTED]** on the **[REDACTED]** register and the due dispatch of **[REDACTED]** certificates; and (ii) the admission of the **[REDACTED]** to be **[REDACTED]** on the Stock Exchange complies with the Listing Rules and the **[REDACTED]** and the **[REDACTED]** in force from time to time. Until the converted Shares are re-registered on the **[REDACTED]** register of our Company, such Shares would not be **[REDACTED]** as **[REDACTED]**.

RESTRICTIONS OF SHARE TRANSFER

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the **[REDACTED]** shall be subject to this statutory restriction and shall not be transferred for a period of one year from the **[REDACTED]**.

Our Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are **[REDACTED]** and **[REDACTED]**, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

For details of the **[REDACTED]** undertaking given by our Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see "**[REDACTED]**".

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting is required, see "Appendix V — Summary of Articles of Association".

You should read the following discussion and analysis of our financial conditions and results of operations in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2022, 2023 and 2024, and the accompanying notes included in the Accountants' Report set out in Appendix I to this document. The Accountants' Report has been prepared in accordance with HKFRS. Potential investors should read the Accountants' Report set out in Appendix I to this document in its entirety and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, see "Risk Factors."

OVERVIEW

We are a global leading provider of high-performance CMOS image sensors. Since our establishment, we have been focusing on the research and development of high-performance CMOS image sensors, offering nine major product series widely applicable to advanced technology fields such as industrial imaging, scientific imaging, professional photography and video, and medical imaging. Our products play a vital role in enhancing the performance and imaging quality of industrial cameras, scientific cameras, professional cinema cameras, and other imaging devices. According to Frost & Sullivan, the global CIS market is projected to accelerate its growth from 2024 to 2029, with total revenue expected to rise from RMB139.1 billion in 2024 to RMB210.3 billion in 2029, corresponding to a CAGR of approximately 8.6%. According to Frost & Sullivan, in terms of industrial imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 15.2% of the global market share. In addition, in terms of scientific imaging revenue in 2024, we ranked third among global CIS companies and first among Chinese CIS companies, accounting for 16.3% of the global market share.

During the Track Record Period, we achieved revenue growth and profitability. Our revenue increased by 11.4% from RMB604.4 million in 2022 to RMB673.0 million in 2024. During the Track Record Period, we recorded a gross profit of RMB460.3 million, RMB384.0 million and RMB396.9 million, respectively, with gross profit margin of 76.2%, 63.5% and 59.0%, respectively. We recorded a net loss of RMB84.1 million in 2022 and a net profit of RMB169.8 million in 2023 and RMB197.0 million in 2024. Excluding share-based payments, we recorded adjusted net profits (non-HKFRS) of RMB293.2 million, RMB222.7 million and RMB249.2 million for the three years ended December 31, 2024. Our operating cash flow remained consistently positive with steady growth, increasing from RMB121.9 million in 2022 to RMB208.3 million in 2023 and further to RMB224.8 million in 2024.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2024 together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATION

The following factors are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

General factors affecting our results of operations

Our results of operation have been and are expected to continue to be affected by a number of general factors including the development of macroeconomic conditions, government policies and regulations in relation to CMOS image sensor industry, international trade policies, geopolitical and trade protection measures, export control and trade sanctions, evolving consumption demand in China and global markets, and intensive competition landscape of the CMOS image sensor industry.

In light of our strategic efforts to expand into international markets, we are increasingly exposed to global trade policy developments and evolving geopolitical tensions. Since early 2025, the U.S. government imposed a series of additional tariffs on imports from various jurisdictions around the world. In the event that our customers reduce their orders, be such due to a decrease in overall demand of our products, replacing us with other suppliers, downturn of the global macro-economy or other reasons, our business, financial conditions and results of operation may be adversely affected. In addition, in the event that we are required to adjust our pricing strategies due to the changes of competition dynamics, our business, financial conditions and results of operation will be adversely affected. For details, please see "Risk Factors — Risks Relating to Doing Business in the Markets in which We Operate — Recent increases in U.S. tariffs and heightened global trade tensions may adversely affect our international expansion and business performance" in this document.

Our continuous investment in R&D facilities and talents

Leveraging our robust R&D team and technology platform which has undergone continual iterations and refinement, we consistently dedicated ourselves to the development and design of high-performance CMOS image sensors. Through our in-house R&D efforts, we have mastered a range of mature technologies and know-how covering the entire product lifecycle, from design and validation testing to quality control and mass production. Our R&D team have long been engaged in the development of high-performance CMOS image sensors and have undertaken and successfully completed numerous national and provincial-level research projects, accumulating extensive experience in both the R&D and industrialization of CMOS image sensor technologies. As a technology-driven company, we have dedicated, and will continue to dedicate, significant resources in research and development, to keep pace with technological developments, evolving standards and competition in the CMOS image sensor market. In 2022, 2023 and 2024, we incurred R&D expenses of RMB84.2 million, RMB131.5 million and RMB130.2 million, respectively, accounting for 13.9%, 21.7% and 19.3%, respectively, of our revenue for the corresponding periods. 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. We are supported by a robust R&D team comprising industry veterans with extensive experience in the industry. Our R&D teams in Changchun, Hangzhou, and Dalian maintain a highly collaborative and synergistic working relationship, leveraging their respective expertise to drive innovation in advanced imaging technologies. In addition, we established Gpixel Japan in 2016 and Gpixel Belgium in 2018, enabling us to expand our R&D capabilities by recruiting local professionals and closely integrating them with our domestic teams. Through these efforts, we have built an international R&D department that provides a solid foundation for the continuous advancement of our technologies and products. As of December 31, 2024, our R&D team is comprised of 201 members, representing approximately 50.1% of our total employees. Among them, All of our R&D members hold a bachelor's degree or higher, and 74.6% hold a master's degree or higher with most specializing in electronic engineering. We will continue to invest resources to attract more talented R&D personnel and further improve our sensor design capabilities.

Our product offerings and diversification of our product mix

We offer a comprehensive range of CMOS image sensors products and customized sensor solutions, catering to the needs of enterprise customers. As of the Latest Practicable Date, we had developed nine series of CMOS image sensors primarily designed for high-tech applications such as industrial imaging, scientific imaging, professional photography and video, and medical imaging. In 2022, 2023 and 2024, our revenue attributable to sales of high-performance CMOS image sensors amounted to RMB559.7 million, RMB505.0 million and RMB510.3 million, respectively, and accounted for approximately 92.6%, 83.5% and 75.8% of our total revenue for the corresponding periods. To meet the specialized requirements of some of industry-leading customers, we also offer customized CMOS image sensor solutions. These tailored services encompass feasibility studies, detailed sensor design, ceramic packaging design, electronic system development, prototype fabrication, functional testing, and reliability verification. In 2022, 2023 and 2024, our revenue attributable to customized sensor solutions amounted to RMB43.8 million, RMB98.4 million and RMB162.2 million, respectively, and accounted for approximately 7.2%, 16.3% and 24.1% of our total revenue for the corresponding periods.

The scale of our business and the growth of our total revenue are largely driven by the expansion, breadth and diversification of our product offerings. Within each product line, we strive to continually expand and upgrade our offerings to provide comprehensive and high-quality solutions for our customers. During the Track Record Period, fluctuations in our gross profit margin were partially attributable to changes in our product mix, the scale of our product offerings and the iterations and upgrades of our products. By leveraging our diversified product offerings and our vertically integrated business model, equipped with end-to-end operational capabilities, we are able to offer customers a variety of product combinations, which we expect to create potential business growth opportunities. We anticipate that our results of operations and profitability will continue to be influenced by the growth and mix of our product offerings.

Our ability to expand the application scenarios of our products

Our CMOS image sensor products serve a broad range of applications, currently covering four major application scenarios, including industrial imaging, scientific imaging, professional photography and video and medical imaging, with continuous expansion into new scenarios. Our industrial imaging solutions emphasize on market-driven optimization, where we tailor sensors for specific industrial use cases (e.g., semiconductor inspection, high-speed production lines, etc.), balancing speed, power efficiency and robustness. Our scientific imaging solutions are focused on pushing technological boundaries where we prioritize breakthrough innovations (e.g., ultra-low-light detection) to serve advanced research and instrumentation. Our professional photography and video have core R&D focus on superior dynamic range, low-light performance and color fidelity, enabling premium imaging in challenging environments. Our medical imaging solutions focus on sensor customization for endoscopy and medical X ray applications. Revenue from industrial imaging solutions amounted to RMB299.3 million in 2022, RMB327.5 million in 2023 and RMB446.6 million in 2024, accounting for 49.5%, 54.2% and 66.3% of our total revenue for the respective periods. Revenue from scientific imaging solutions amounted to RMB287.1 million in 2022, RMB254.0 million in 2023 and RMB192.4 million in 2024, accounting for 47.5%, 42.0% and 28.6% of our total revenue for the respective periods. While our professional photography and video, and medical imaging still contribute relatively small portion of our revenue, we expect these and other specialized imaging applications across high-tech industries will contribute more to our revenue as our market shares in these scenarios increase.

Our ability to manage and improve our operational efficiency

Our ability to manage and improve our operational efficiency significantly affects our profitability and results of operations. Our operating expenses primarily comprised research and development expenses, selling expenses and administrative expenses.

The effectiveness of our branding and marketing activities is critical to our financial performance. In terms of sales and marketing strategy, we employ a primarily direct sales supplemented by distributorship model. Given the high technology nature of our products, which require deep technical understanding, we primarily leverage our dedicated sales team to engage with end customers directly, particularly in industrial imaging, scientific imaging, as well as other specialized imaging applications across high-tech industries. Our selling expenses increased from RMB14.4 million in 2022 to RMB22.7 million in 2023, and further increased to RMB27.9 million in 2024. As we expand the scale and scope of our business, we anticipate that our selling expenses will continue to increase in absolute amounts. We are committed to continuously improving our selling and distribution efficiency and benefiting from economies of scale.

The effectiveness of management activities is crucial to the success of our business. Our administrative expenses amounted to RMB411.8 million, RMB62.2 million and RMB64.7 million in 2022, 2023 and 2024, respectively. We aim to further optimize our management structure to enhance our operational and management efficiencies, ultimately improving our financial performance.

Our relationship with our major suppliers

We operate under a fabless business model, which means we focus exclusively on the design, development, and sales of high-performance CMOS image sensors while outsourcing the manufacturing processes to world-class production partners. Please see "Business — Production and Procurement" for details of our relationship with our production partners. Therefore, our ability to maintain long-term stable business relationship with our production partners to provide us with quality and price competitive foundry-manufactured wafers on a timely basis is crucial for our business development and results of operations. By partnering with world-class wafer manufacturers like Tower and DB HiTek, we avoid substantial capital expenditures and operational complexities associated with owning and maintaining fabrication facilities. This model also allows us to benefit from the advanced technologies and economies of scale that our suppliers bring to the table, ensuring that our high-performance CMOS image sensors remain competitive in a rapidly evolving market. The purchases from our top five suppliers for the three years ended December 31, 2024 amounted to approximately RMB208.2 million, RMB240.5 million and RMB120.6 million, representing approximately 77.9%, 74.7% and 63.7% of our total purchase amount for the respective years.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 2.3 to the Accountants' Report in Appendix I to this document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 3 to the Accountants' Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss, with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	604,407	100.0	604,835	100.0	673,048	100.0
Cost of sales	(144,084)	(23.8)	(220,881)	(36.5)	(276,186)	(41.0)
Gross profit	460,323	76.2	383,954	63.5	396,862	59.0
Other income and gains	16,276	2.7	29,542	4.9	55,161	8.2
Selling expenses	(14,367)	(2.4)	(22,653)	(3.7)	(27,858)	(4.1)
Administrative expenses	(411,753)	(68.1)	(62,196)	(10.3)	(64,721)	(9.6)
Research and development expenses	(84,200)	(13.9)	(131,546)	(21.7)	(130,215)	(19.3)
Impairment losses on trade receivables, net	(581)	(0.1)	(1,948)	(0.3)	(2,128)	(0.3)
Other expenses	(10,033)	(1.7)	(919)	(0.2)	(3,154)	(0.5)
Finance costs	(634)	(0.1)	(1,372)	(0.2)	(868)	(0.1)
Share of losses of associates	(5,654)	(0.9)	(2,371)	(0.4)	(2,243)	(0.3)
(Loss)/profit before tax	(50,623)	(8.4)	190,491	31.5	220,836	32.8
Income tax expense	(33,476)	(5.5)	(20,644)	(3.4)	(23,854)	(3.5)
(Loss)/profit and total comprehensive income attributable to the:						
(Loss)/profit for the year	(84,099)	(13.9)	169,847	28.1	196,982	29.3
Owners of the parent	(83,148)	(13.8)	174,199	28.8	198,675	29.5
Non-controlling interests	(951)	(0.2)	(4,352)	(0.7)	(1,693)	(0.3)

NON-HKFRS MEASURE

To supplement our consolidated financial statements presented in accordance with HKFRS, we also use a non-HKFRS measure, namely adjusted net profit (non-HKFRS measure), as an additional financial measure, which is not required by or presented in accordance with HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-HKFRS 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 conditions as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit excluding the effects of share-based payments expense. Share-based payments expense is non-cash in nature and are employee related expenses arising from grant of shares under our employee incentive scheme. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of net (loss)/profit to adjusted net profit (non-HKFRS measure) for the periods indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	(84,099)	169,847	196,982
Add:			
Share-based payments expense	377,324	52,877	52,252
Adjusted net profit (non-HKFRS measure)	**293,225**	**222,724**	**249,234**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from sales of high-performance CMOS image sensors and customized sensor solutions to our customers. The following table sets forth a breakdown of our revenue by pixel arrangement and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
High-performance CMOS Image Sensors	**559,662**	**92.6**	**505,038**	**83.5**	**510,330**	**75.8**
Area array sensors	402,054	66.5	409,569	67.7	414,862	61.6
Linear array sensors	147,334	24.4	87,169	14.4	81,790	12.2
Other components	10,274	1.7	8,300	1.4	13,678	2.0
Customized Sensor Solutions	**43,752**	**7.2**	**98,366**	**16.3**	**162,197**	**24.1**
Others	**993**	**0.2**	**1,431**	**0.2**	**521**	**0.1**
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

High-performance CMOS image sensors. We have developed a comprehensive portfolio of high-performance CMOS image sensors. As of the Latest Practicable Date, we had developed nine series of CMOS image sensors primarily designed for high-tech applications such as industrial imaging, scientific imaging, professional photography and video and medical imaging. These sensors possess advanced features, including large photon-sensitive surfaces, high resolution, exceptional sensitivity, wide dynamic range, low noise, superior quantum efficiency, and ultra-high-speed performance. The sales of high-performance CMOS image sensors represent our primary source of revenue. For the three years ended December 31, 2024, our revenue attributable to sales of high-performance CMOS image sensors amounted to RMB559.7 million, RMB505.0 million and RMB510.3 million, respectively, and accounted for approximately 92.6%, 83.5% and 75.8% of our total revenue.

Customized sensor solutions. To meet the specialized requirements of some of our industry-leading customers, we also offer customized CMOS image sensor solutions. These tailored services encompass feasibility studies, detailed sensor design, ceramic packaging design, electronic system development, prototype fabrication, functional testing, and reliability verification. We are typically engaged to complete all work packages and provide sensor prototypes to meet the specific requirements as the final deliverables of the projects. For the three years ended December 31, 2024, our revenue attributable to customized sensor solutions amounted to RMB43.8 million, RMB98.4 million and RMB162.2 million, respectively, and accounted for approximately 7.2%, 16.3% and 24.1% of our total revenue.

The following table presents the sales volume in thousand units and average selling price per unit of our high-performance CMOS image sensors during the Track Record Period.

	Year ended December 31,					
	2022		2023		2024	
	Sales volume (thousand units)	*Average Selling Price (RMB per unit)*	*Sales volume (thousand units)*	*Average Selling Price (RMB per unit)*	*Sales volume (thousand units)*	*Average Selling Price (RMB per unit)*
Area array sensors	90	4,467	129	3,175	206	2,014
Linear array sensors	48	3,069	84	1,038	155	528
Other components	3	3,425	3	2,767	33	414
Total	**141**	**3,969**	**216**	**2,338**	**394**	**1,295**

Sales volume of our high-performance CMOS image sensors increased during the Track Record Period, primarily due to the strong demand in downstream application scenarios. The average selling price for our high-performance CMOS image sensors experienced a decrease during the Track Record Period, primarily due to the variations of product mix. For example, with respect to area array sensors, we launched certain GMAX series sensor in November 2022, which has lower cost and thus lower selling price compared to the average selling price of our area array sensors, targeting to mainstream applications such as factory automation, positioning, barcode, and automatic number plate recognition applications. The decrease in the average selling price of our area array sensors was further driven by our offering of bulk pricing discount as our customers purchased more of our sensors.

The average selling price of our linear array sensors was particularly high in 2022 primarily because we completed design and delivery of high-end linear sensors with higher unit price. The decrease in the average selling price of our linear array sensors from 2022 to 2024 was primarily driven by the increased sales volume of our newly-launched linear array sensors, particularly an 8K sensor addressing the needs of lithium battery and PCB inspection applications, and a 2K sensor for color sorting application, which have lower cost and thus lower selling price compared to the average selling price of linear array sensors.

The following table presents the number of projects and average selling price of each project of our customized sensor solutions during the Track Record Period.

	Year ended December 31,					
	2022		2023		2024	
	Number of projects	*Average Selling Price (RMB'000 per project)*	*Number of projects*	*Average Selling Price (RMB'000 per project)*	*Number of projects*	*Average Selling Price (RMB'000 per project)*
Customized sensor solutions	**9**	**4,861**	**21**	**4,684**	**28**	**5,793**

The number of projects of our customized sensor solutions increased during the Track Record Period, as our experienced CMOS image sensor design and development team closely collaborate with leading industry players in customizing sensor design with diverse technical specifications and application scenarios. The average selling price per project remained relatively stable from 2022 to 2023, and increased from 2023 to 2024.

Revenue by geographical locations

The following table sets forth our revenue breakdown by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the period indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Geographical information						
Mainland China	399,773	66.1	424,367	70.2	497,844	74.0
Other regions[(1)]	204,634	33.9	180,468	29.8	175,204	26.0
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

(1) Other regions include Europe, Japan, South Korea, among others.

The mainland China market has been a focus in our business development since inception. Sales from the mainland China market increased from RMB399.8 million in 2022 to RMB424.4 million in 2023 and further to RMB497.8 million in 2024, accounting for 66.1%, 70.2% and 74.0% of our total revenue for the respective periods.

Revenue by application scenarios

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Industrial imaging	299,293	49.5	327,524	54.2	446,550	66.3
Scientific imaging	287,096	47.5	253,952	42.0	192,405	28.6
Professional photography and video	6,751	1.1	13,629	2.3	9,807	1.5
Medical imaging	—	—	—	—	20,236	3.0
Others	11,267	1.9	9,730	1.5	4,050	0.6
Total	**604,407**	**100.0**	**604,835**	**100.0**	**673,048**	**100.0**

Our products can also be categorized by their application scenarios, each with distinct technical specifications. Currently, the application scenarios of our projects include (i) industrial imaging; (ii) scientific imaging; (iii) professional photography and video; (iv) medical imaging; and (v) others. Revenue from industrial imaging solutions amounted to RMB299.3 million in 2022, RMB327.5 million in 2023 and RMB446.6 million in 2024, accounting for 49.5%, 54.2% and 66.3% of our total revenue for the respective periods. The increases in our revenue from industrial imaging solutions are primarily driven by the strong demand in downstream industrial imaging applications. Revenue from scientific imaging solutions amounted to RMB287.1 million in 2022, RMB254.0 million in 2023 and RMB192.4 million in 2024, accounting for 47.5%, 42.0% and 28.6% of our total revenue for the respective periods. The decreases in our revenue from scientific imaging solutions are primarily as a result of demand fluctuations of research institution customers. Revenue from professional photography and video solutions amounted to RMB6.8 million in 2022, RMB13.6 million in 2023 and RMB9.8 million in 2024, accounting for 1.1%, 2.3% and 1.5% of our total revenue for the respective periods. Revenue from medical imaging solutions amounted to nil in 2022, nil in 2023 and RMB20.2 million in 2024, accounting for nil, nil and 3.0% of our total revenue for the respective periods.

Cost of Sales

Our cost of sales primarily mainly comprises (i) raw materials, primarily relating to photomasks, wafers, ceramic package and cover glass, (ii) employee compensation and benefits, (iii) outsourced services, primarily in relation to packaging services, (iv) impairment losses on inventories, which also include costs to fulfil a contract associated with our customized sensor solutions, and (v) other costs, primarily relating to other manufacturing costs, transportation costs and product warranty costs. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated both in absolute amount and as a percentage of our total cost of sales, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw materials	89,343	62.0	137,534	62.3	169,734	61.5
Employee compensation and benefits	19,818	13.8	30,778	13.9	60,588	21.9
Outsourced services	18,383	12.8	25,154	11.4	21,721	7.9
Impairment losses on inventories	7,880	5.5	20,996	9.5	10,743	3.9
Other costs	8,660	5.9	6,419	2.9	13,400	4.8
Total	**144,084**	**100.0**	**220,881**	**100.0**	**276,186**	**100.0**

The following table sets forth a breakdown of our cost of sales by product type for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
High-performance CMOS Image Sensors	**121,807**	**84.5**	**160,823**	**72.8**	**177,186**	**64.2**
Area array sensors	92,368	64.0	117,323	53.1	135,839	49.2
Linear array sensors	26,755	18.6	40,532	18.4	37,586	13.6
Other components	2,684	1.9	2,968	1.3	3,761	1.4
Customized Sensor Solutions	**21,748**	**15.1**	**59,038**	**26.7**	**98,805**	**35.7**
Others	**529**	**0.4**	**1,020**	**0.5**	**195**	**0.1**
Total	**144,084**	**100.0**	**220,881**	**100.0**	**276,186**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin by product type for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*Gross profit margin (%)*	*RMB'000*	*Gross profit margin (%)*	*RMB'000*	*Gross profit margin (%)*
High-performance CMOS Image Sensors	**437,855**	**78.2**	**344,215**	**68.2**	**333,144**	**65.3**
Area array sensors	309,686	77.0	292,246	71.4	279,023	67.3
Linear array sensors	120,579	81.8	46,637	53.5	44,204	54.0
Other components	7,590	73.9	5,332	64.2	9,917	72.5
Customized Sensor Solutions	**22,004**	**50.3**	**39,328**	**40.0**	**63,392**	**39.1**
Others	464	46.7	411	28.7	326	62.6
Total	**460,323**	**76.2**	**383,954**	**63.5**	**396,862**	**59.0**

Our gross profit amounted to RMB460.3 million, RMB384.0 million and RMB396.9 million in 2022, 2023 and 2024, respectively. Our gross profit margin for 2022, 2023 and 2024 was 76.2%, 63.5% and 59.0% respectively.

Our gross profit margin remained at a relatively high level through the Track Record Period. Our gross profit margin of sales of high-performance CMOS image sensors decreased from 78.2% in 2022 to 68.2% in 2023, and further to 65.3% in 2024, primarily due to (i) our offering of bulk pricing discount as our customers purchased more products, and (ii) the relatively low profit margin of certain products addressing mainstream applications. In addition, the decrease in gross profit margin of linear array sensors from 2022 to 2023 is also a result of our benefiting from high gross profit margin in 2022 due to particularly high selling prices of high-end linear sensors we designed and delivered.

Our gross profit margin of sales of customized sensor solutions decreased from 50.3% in 2022 to 40.0% in 2023, and further to 39.1% in 2024, primarily due to (i) the fluctuations in gross profit of individual customized sensor projects and (ii) share-based payments expense which contributed to a substantial increase of employee compensation and benefits in 2023 and 2024.

Other Income and Gains

Other income and gains consist primarily of (i) government grants, (ii) bank interest income, (iii) investment income from financial assets at fair value through profit or loss, (iv) other gains and (v) others. The following table sets forth a breakdown of the components of our other income and gains in absolute amounts for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Government grants	8,241	50.6	15,843	53.6	33,151	60.1
Bank interest income	4,601	28.3	11,213	38.0	12,995	23.6
Investment income from financial assets at fair value through profit or loss	1,183	7.3	1,262	4.3	3,607	6.5
Other gains	1,720	10.6	667	2.3	4,680	8.5
Others	531	3.3	557	1.9	728	1.3
Total	**16,276**	**100.0**	**29,542**	**100.0**	**55,161**	**100.0**

Selling Expenses

Our selling expenses primarily consist of (i) salaries and bonus, (ii) professional service fees mainly for overseas marketing consulting services, (iii) share-based payments expense, (iv) marketing expenses, and (v) depreciation and amortization expenses. Our selling expenses amounted to RMB14.4 million, RMB22.7 million and RMB27.9 million in 2022, 2023 and 2024, respectively. Our selling expenses represented 2.4%, 3.7% and 4.1% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the major components of our selling expenses, in absolute amounts and as percentages of our total selling expenses, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Salaries and bonus	4,870	33.9	8,419	37.2	10,971	39.4
Professional service fees	5,903	41.1	6,373	28.1	5,672	20.4
Share-based payments expense	221	1.5	4,300	19.0	6,714	24.1
Marketing expenses	2,673	18.6	1,929	8.5	2,577	9.3
Depreciation and amortization expenses	335	2.3	436	1.9	614	2.2
Others	365	2.6	1,196	5.3	1,310	4.6
Total	**14,367**	**100.0**	**22,653**	**100.0**	**27,858**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) salaries and bonus, (ii) share-based payments expense, (iii) depreciation and amortization expenses, (iv) professional service fees for professional intermediaries, (v) office and travel expenses, (vi) lease expenses, (vii) taxes and charges and (viii) others which include finance service charges and miscellaneous administrative expenses. Our administrative expenses amounted to RMB411.8 million, RMB62.2 million and RMB64.7 million in 2022, 2023 and 2024, respectively. Our administrative expenses represented 68.1%, 10.3% and 9.6% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the components of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Salaries and bonus	20,194	4.9	25,983	41.8	28,986	44.8
Share-based payments expense	364,893	88.6	10,293	16.5	11,599	17.9
Depreciation and amortization expenses	5,388	1.3	5,041	8.1	5,372	8.3
Professional service fees	6,963	1.7	6,904	11.1	4,299	6.6
Office and travel expenses	3,126	0.8	3,791	6.1	2,397	3.7
Lease expenses	637	0.2	756	1.2	574	0.9
Taxes and charges	6,062	1.5	3,801	6.1	5,847	9.0
Others	4,490	1.0	5,627	9.1	5,647	8.8
Total	**411,753**	**100.0**	**62,196**	**100.0**	**64,721**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of (i) salaries and bonus, (ii) share-based payments expense, (iii) mask and tooling charges, (iv) depreciation and amortization expenses, (v) materials expenses, (vi) professional service fees for R&D consultants and (vii) others which mainly include expenses for outsourced non-essential R&D tasks. Our research and development expenses amounted to RMB84.2 million, RMB131.5 million and RMB130.2 million in 2022, 2023 and 2024, respectively. Our research and development expenses represented 13.9%, 21.7% and 19.3% of our revenue in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the components of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Salaries and bonus	38,295	45.5	56,706	43.1	68,397	52.5
Share-based payments expense	8,134	9.7	25,810	19.6	24,331	18.7
Mask and tooling charges	16,981	20.2	21,922	16.7	11,688	9.0
Depreciation and amortization expenses	6,693	7.9	10,440	7.9	10,786	8.3
Materials expenses	8,145	9.7	9,250	7.0	5,293	4.1
Professional service fees	3,077	3.7	4,345	3.3	3,391	2.6
Others	2,875	3.3	3,073	2.4	6,329	4.8
Total	**84,200**	**100.0**	**131,546**	**100.0**	**130,215**	**100.0**

Impairment losses on trade receivables

We recorded impairment losses on trade receivables, net of RMB0.6 million, RMB1.9 million and RMB2.1 million in 2022, 2023 and 2024, respectively.

Other expenses

Our other expenses primarily relate to foreign exchange losses, net. Our other expenses amounted to RMB10.0 million, RMB0.9 million and RMB3.2 million in 2022, 2023 and 2024, respectively.

Finance Costs

Our finance costs comprise (i) interests on discounted notes receivable and (ii) interests on lease liabilities. Our finance costs amounted to RMB0.6 million, RMB1.4 million and RMB0.9 million in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of the major components of our finance costs, in absolute amounts and as percentages of our finance costs, for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest on discounted notes receivable	85	13.4	729	53.1	236	27.2
Interest on lease liabilities	549	86.6	643	46.9	632	72.8
Total	**634**	**100.0**	**1,372**	**100.0**	**868**	**100.0**

Share of losses of associates

Share of losses of associate primarily our share of losses from our investments in unlisted companies. We recorded share of losses of associates of RMB5.7 million, RMB2.4 million and RMB2.2 million in 2022, 2023 and 2024, respectively.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. We recorded income tax expense of RMB33.5 million, RMB20.6 million and RMB23.9 million in 2022, 2023 and 2024, respectively. As of the Latest Practicable Date, we did not have any disputes with any tax authorities.

Mainland China

Our subsidiaries incorporated in Mainland China are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on January 1, 2008, except for these subject to tax preferential set out below:

Our Company, Gpixel Hangzhou and Gpixel Dalian were granted the qualification of High and New Technology Enterprises ("**HNTE**") and was entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

According to the "Announcement by the Ministry of Finance, State Taxation Administration, National Development and Reform Commission, and Ministry of Industry and Information Technology on Corporate Income Tax Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry", our Company is qualified as a member of

National List of Encouraged Key Integrated Circuit Design Enterprises which is exempt from corporate income tax from the first to the fifth year starting from its first profit-making year. In subsequent years, the Company is subject to a reduced corporate income tax rate of 10%.

Japan

The subsidiary incorporated and operating in Japan is subject to corporation tax at a rate of 23.2% on the taxable income during the Track Record Period.

Belgium

The subsidiary incorporated and operating in Belgium is subject to corporation tax at a rate of 25% on the taxable income during the Track Record Period.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our total revenue increased by 11.3% from RMB604.8 million in 2023 to RMB673.0 million in 2024, primarily due to the increase in our revenue from customized sensor solutions as we provided more customized services to customers.

Sales of high-performance CMOS image sensors

Revenue from our sales of high-performance CMOS image sensors remained relatively stable at RMB510.3 million in 2024 compared to RMB505.0 million in 2023.

Revenue from our sales of our area array sensors remained relatively stable at RMB414.9 million in 2024 compared to RMB409.6 million in 2023. Revenue from our sales of our linear array sensors decreased by 6.2% from RMB87.2 million in 2023 to RMB81.8 million in 2024, primarily due to the decrease in average selling price of linear array sensors from approximately RMB1,038 per unit in 2023 to approximately RMB528 per unit in 2024, as a result of a variations of production mix, particularly the selling of certain sensors with low selling prices. The decrease of average selling price of our linear array sensors was partially offset by an increase of sales volume from approximately 84 thousand units in 2023 to approximately 155 thousand units in 2024.

Customized sensor solutions

Revenue from our customized sensor solutions increased by 64.9% from RMB98.4 million in 2023 to RMB162.2 million in 2024, primarily due to increase demand in downstream application of industrial imaging and medical imaging solutions as a result of our close collaboration with customers of customized sensor solutions. The number of customized sensor solutions we delivered increased from 21 in 2023 to 28 in 2024 while the average selling price per project also increased significantly from RMB4.7 million to RMB5.8 million.

Cost of Sales

Our cost of sales increased by 25.0% from RMB220.9 million in 2023 to RMB276.2 million in 2024, primarily due to (i) an increase of RMB29.8 million in employee compensation and benefits as a result of business expansion of our customized sensor solutions, and (ii) an increase of RMB32.2 million in raw materials cost as our business expansion resulted in higher sales volume, particularly the growth in the sales volume of area array sensors from approximately 129,000 units in 2023 to 206,000 units in 2024.

Gross Profit and Gross Margin

We recorded gross profit of RMB384.0 million in 2023 and RMB396.9 million in 2024. We recorded overall gross profit margin of 63.5% in 2023 and 59.0% in 2024.

Our gross profit margin of sales of high-performance CMOS image sensors decreased slightly from 68.2% in 2023 to 65.3% in 2024 as gross profit margins from our area array sensors decreased. Our gross profit margin of sales of area array sensors decreased slightly from 71.4% in 2023 to 67.3% in 2024 primarily due to our offering of bulk pricing discount as our customers purchased more products and low profit margins of certain products. Our gross profit margin of sales of linear array sensors remained relatively stable at 54.0% in 2024 compared to 53.5% in 2023. Our gross profit margin of sales of customized sensor solutions remained relatively stable at 39.1% in 2024 compared to 40.0% in 2023.

Other Income and Gains

Our other income and gains increased by 86.7% from RMB29.5 million in 2023 to RMB55.2 million in 2024, which was primarily attributable to (i) the increase of RMB17.3 million in government grants, (ii) the increase of RMB3.7 million in net gains on fair value change of financial assets at fair value through profit or loss and (iii) the increase of RMB2.3 million in investment income from financial assets at fair value through profit or loss.

Selling Expenses

Our selling expenses increased by 23.0% from RMB22.7 million in 2023 to RMB27.9 million in 2024, primarily due to (i) an increase of RMB2.6 million in salaries and bonus further due to the increase in the average compensation, (ii) an increase of RMB2.4 million in share-based payments expense, and (iii) an increase of RMB0.6 million in marketing expenses further due to our distribution of sample products to potential customers and our participation of exhibitions.

Administrative Expenses

Our administrative expenses slightly increased by 4.1% from RMB62.2 million in 2023 to RMB64.7 million in 2024, mainly due to an increase of RMB3.0 million in salaries and bonus further due to the increase in the number of our administrative personnel and average compensation.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB130.2 million in 2024 compared to RMB131.5 million in 2023.

Impairment Loss on trade receivables

Our impairment loss on trade receivables, net increased by 9.2% from RMB1.9 million in 2023 to RMB2.1 million in 2024.

Other Expenses

Our other expenses increased by 243.2% from RMB0.9 million in 2023 to RMB3.2 million in 2024, primarily due to the increase in foreign exchange loss.

Finance Costs

Our finance costs decreased by 36.7% from RMB1.4 million in 2023 to RMB0.9 million in 2024, primarily due to a decrease of RMB0.5 million in our interest on discounted notes receivables.

Income Tax Expenses

Our income tax expenses increased by 15.5% from RMB20.6 million in 2023 to RMB23.9 million in 2024, primarily due to the increase in our profit before tax.

Profit for the Period

As a result of the foregoing, our net profit increased by 16.0% from RMB169.8 million in 2023 to RMB197.0 million in 2024.

Adjusted net profit for the Period

As a result of the foregoing, our adjusted net profit increased from RMB222.7 million in 2023 to RMB249.2 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue remained relatively stable at RMB604.8 million in 2023 compared to RMB604.4 million in 2022.

Sales of high-performance CMOS image sensors

Revenue from our sales of high-performance CMOS image sensors decreased by 9.8% from RMB559.7 million in 2022 to RMB505.0 million in 2023, primarily driven by a decrease in revenue from our sales from linear array sensors. Revenue from our sales of our area array sensors remained relatively stable at RMB409.6 million in 2023 compared to RMB402.1 million in 2022. Revenue from our sales of our linear array sensors decreased by 40.8% from RMB147.3 million in 2022 to RMB87.2 million in 2023, primarily as we benefited from certain high-end linear sensors with particularly high selling prices which we designed and delivered in 2022 whereas the sale volume of such sensors substantially decreased in 2023.

Customized sensor solutions

Revenue from our customized sensor solutions increased by 124.8% from RMB43.8 million in 2022 to RMB98.4 million in 2023, primarily because we significantly expanded our customized sensor solutions business by completing 21 projects in 2023.

Cost of Sales

Our cost of sales increased by 53.3% from RMB144.1 million in 2022 to RMB220.9 million in 2023, primarily due to (i) an increase of RMB48.2 million in raw materials and an increase of RMB6.8 million in outsourced services driven by our higher sales volume, (ii) an increase of RMB13.1 million in impairment losses on inventories mainly due to an increase of costs to fulfil a contract as we undertook certain sophisticated customized sensor projects, and (iii) an increase of RMB11.0 million in employee compensation and benefits as a result of business expansion of our customized sensor solutions and an increase of share-based payments expense.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB460.3 million in 2022 and RMB384.0 million in 2023. We recorded overall gross profit margin of 76.2% in 2022 and 63.5% in 2023.

Our gross profit margin of sales of high-performance CMOS image sensors decreased from 78.2% in 2022 to 68.2% in 2023. Our gross profit margin of sales of area array sensors decreased from 77.0% in 2022 to 71.4% in 2023 primarily due to our offering of bulk pricing discount and low profit margins of certain products. Our gross profit margin of sales of linear array sensors decreased from 81.8% in 2022 to 53.5% in 2023 primarily because our benefiting from high gross profit margin in 2022 due to particularly high selling prices of high-end linear sensors we designed and delivered. Our gross profit margin of customized sensor solutions decreased from 50.3% in 2022 to 40.0% in 2023, primarily due to our share-based payments expense contributing to employee compensation and benefits in 2023.

Other Income and Gains

Our other income and gains increased by 81.5% from RMB16.3 million in 2022 to RMB29.5 million in 2023, which was primarily attributable to the increase of RMB7.6 million in government grants and the increase of RMB6.6 million in bank interest income.

Selling Expenses

Our selling expenses increased by 57.7% from RMB14.4 million in 2022 to RMB22.7 million in 2023, primarily due to (i) an increase of RMB4.1 million in share-based payments expense, and (ii) an increase of RMB3.5 million in salaries and bonus further due to the increase in the number of our sales personnel as we expanded our sales efforts.

Administrative Expenses

Our administrative expenses decreased by 84.9% from RMB411.8 million in 2022 to RMB62.2 million in 2023, primarily because we incurred more share-based payments expense in 2022.

Research and Development Expenses

Our research and development expenses increased by 56.2% from RMB84.2 million in 2022 to RMB131.5 million in 2023, primarily due to (i) an increase of RMB18.4 million in salaries and bonus further due to the increase in the number of our R&D personnel and (ii) an increase of RMB17.7 million in share-based payments expense.

Impairment Loss on trade receivables

Our impairment loss on trade receivables increased by 235.3% from RMB0.6 million in 2022 to RMB1.9 million in 2023.

Other Expenses

Our other expenses decreased by 90.8% from RMB10.0 million in 2022 to RMB0.9 million in 2023, primarily because we incurred more foreign exchange loss in 2022.

Finance Costs

Our finance costs increased by 116.4% from RMB0.6 million in 2022 to RMB1.4 million in 2023, primarily due to the increase of RMB0.6 million in our interest on discounted notes receivable.

Income Tax Expense

Our income tax expense decreased by 38.3% from RMB33.5 million in 2022 to RMB20.6 million in 2023, primarily due to our higher taxable income in 2022 and the increase in our deductible research and development expenses in 2023.

(Loss)/profit for the Period

As a result of the foregoing, we recorded a net loss of RMB84.1 million in 2022 and a net profit of RMB169.8 million in 2023.

Adjusted net profit for the Period

As a result of the foregoing, our net profit (non-HKFRS measure) decreased from RMB293.2 million in 2022 to RMB222.7 million in 2023.

DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

Our property, plant and equipment are comprised of (i) leasehold improvements, (ii) buildings, (iii) plant and machinery, (iv) electronic devices, (v) motor vehicles, (vi) office equipment, and (vii) construction in progress, which refers to renovation of our offices and the building of clean rooms for testing purposes.

The following table sets forth the key components of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Leasehold improvements	17,559	15,629	11,739
Buildings	1,625	1,554	1,484
Plant and machinery	9,450	24,075	26,794
Electronic devices	4,755	5,269	4,873
Motor vehicles	789	850	1,146
Office equipment	1,376	1,262	1,174
Construction in progress	2,611	667	4,422
Total	**38,165**	**49,306**	**51,632**

Our property, plant and equipment increased from RMB38.2 million as of December 31, 2022 to RMB49.3 million as of December 31, 2023, primarily because we acquired (i) new sensor packaging machinery and (ii) testing equipment in 2023. Our property, plant and equipment increased from RMB49.3 million as of December 31, 2023 to RMB51.6 million as of December 31, 2024, primarily because (i) we acquired new machinery and equipment in 2023 and (ii) the increase in construction in progress of our operations in Belgium.

Right-of-use Assets

Our right-of-use assets represent office premises. Our right-of-use assets decreased from RMB17.0 million as of December 31, 2022 to RMB11.7 million as of December 31, 2023, and further to RMB10.0 million as of December 31, 2024, primarily due to early termination of some leases and the depreciation charges during the relevant periods.

Investment in Associates

Our investment in associates refers to our equity interests in unlisted companies, amounting to RMB8.4 million, RMB6.8 million and RMB11.4 million as of December 31, 2022, 2023 and 2024, respectively.

Other Intangible Assets

Our other intangible assets are (i) software, and (ii) patents.

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Software	2,832	11,043	6,179
Patents	2,650	2,350	2,050
Total	**5,482**	**13,393**	**8,229**

Our other intangible assets increased from RMB5.5 million as of December 31, 2022 to RMB13.4 million as of December 31, 2023, as we acquired new software for sensor design and office use. Our intangible assets decreased from RMB13.4 million as of December 31, 2023 to RMB8.2 million as of December 31, 2024, primarily due to the amortization charges during the relevant periods.

Inventories

Our inventories mainly are (i) raw materials, (ii) work in progress, (iii) finished goods and (iv) costs to fulfil a contract in connection with our customized sensor solutions. The value of our inventories accounted for 33.4%, 32.8% and 21.9% of our total current assets as of December 31, 2022, 2023 and 2024, respectively. The following table sets forth the key components of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	107,651	94,609	42,358
Work in progress	72,605	83,043	56,569
Finished goods	63,393	110,874	116,361
Costs to fulfil a contract	60,120	84,617	71,393
Total	**303,769**	**373,143**	**286,681**

Our inventories increased from RMB303.8 million as of December 31, 2022 to RMB373.1 million as of December 31, 2023 primarily due to (i) an increase in our raw materials procurement in 2023 while our raw materials and work in progress were utilized and turned into finished products and (ii) an increase of RMB24.5 million in costs to fulfil a contract in line with the increase in the number of customized sensor projects. Our inventories decreased from RMB373.1 million as of December 31, 2023 to RMB286.7 million in as of December 31, 2024, primarily due to (i) a decrease in raw materials procurement in 2024, (ii) a decrease of RMB26.5 million in work in progress as they were utilized and turned into finished goods, and (iii) a decrease of RMB13.2 million in costs to fulfil a contract, primarily due to the significant growth in revenue from our customized sensor solutions in 2024 and the corresponding cost recognition.

As of April 30, 2025, RMB94.1 million, or 32.8% of our inventories as of December 31, 2024, had been used, consumed or sold subsequent to December 31, 2024.

The following table sets forth our inventory turnover days for the years indicated.

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	668	559	436

Note:

(1) Calculated based on the net carrying amount of average balance of inventory divided by the cost of sales for the relevant year multiplied by 365 days for the year. The net carrying amount of average balance of inventory is calculated as the sum of the beginning balance and ending balance for the relevant year divided by two.

Our inventory turnover days decreased from 668 days in 2022 to 559 days in 2023, and further to 436 days in 2024, primarily due to our improved inventory utilization efficiency as a result of growth in our revenue.

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Our Directors believe that our inventory allowance policy is in compliance with the HKFRS and that the inventory allowance recognized during the Track Record Period were adequate.

Trade and Notes Receivables

Trade and notes receivables represent outstanding amounts due from our customers for our products and services performed in the ordinary course of business. A trade receivable is recorded when we have an unconditional right to receive consideration.

The following table sets forth our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	107,637	117,555	186,156
Notes receivables	6,141	159	3,744
Less: Impairment of trade receivables	(1,079)	(3,030)	(5,154)
Net carrying amount	**112,699**	**114,684**	**184,746**

Our trade and notes receivables increased from RMB112.7 million as of December 31, 2022 to RM114.7 million as of December 31, 2023, and further to RMB184.7 million as of December 31, 2024, primarily due to growth in our revenue.

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

	Year ended December 31,		
	2022	**2023**	**2024**
Turnover days of our trade and notes receivables[(1)]	48	69	81

Note:

(1) Turnover days of our trade and notes receivables for the Track Record Period is calculated based on the average of the beginning and ending balances of our trade and notes receivables (after impairment) for that period divided by revenue for that period and multiplied by 365 days in 2022, 2023 and 2024.

The turnover days of our trade and notes receivables increased from 48 days in 2022 to 69 days in 2023 and further to 81 days in 2024, primarily due to the increase in our trade and notes receivables further due to a long payment process by certain research institution customers.

We normally allow a credit period of 30 to 60 days to our major customers. The following table is an aging analysis of the gross carrying amount of our trade receivables during the Track Record Period:

	Year ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	107,563	77,650	145,542
6 to 12 months	74	34,736	15,875
1 to 2 years	—	5,169	23,661
2 to 3 years	—	—	1,078
Total	**107,637**	**117,555**	**186,156**

Our trade receivables increased from RMB117.6 million as of December 31, 2023 to RMB186.2 million as of December 31, 2024 mainly due to the increase of trade receivables aged within six months from RMB77.7 million as of December 31, 2023 to RMB145.5 million as of December 31, 2024. Our trade receivables increased from RMB107.6 million as of December 31, 2022 to RMB117.6 million as of December 31, 2023 mainly because the increase of trade receivables aged over six months as some research institution customers had long payment process.

As of April 30, 2025, RMB118.5 million, or 64.1% of our trade and notes receivables as of December 31, 2024, had been subsequently settled.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets consist of (i) prepayments, (ii) prepayments for property, plant and equipment and other assets, (iii) deposits and other receivables, and (iv) deductible input value-added tax. As of December 31, 2022, 2023 and 2024, our prepayments, other receivables and other assets amounted to RMB31.5 million, RMB29.1 million and RMB22.2 million, respectively.

The following table sets forth the key components of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	2,785	8,886	9,952
Prepayments for property, plant and equipment and other assets	14,470	454	1,259
Deposits and other receivables	6,348	7,015	4,061
Deductible input value-added tax	7,891	12,769	6,949
Total	**31,494**	**29,124**	**22,221**
Analyzed into:			
Current portion	17,024	28,670	20,962
Non-current portion	14,470	454	1,259

Prepayments primarily include prepayment for raw material and outsourced R&D service fees. Prepayments increased from RMB2.8 million as of December 31, 2022 to RMB8.9 million as of December 31, 2023, and further to RMB10.0 million as of December 31, 2024 primarily due to the increase in our purchase from wafer manufacturers.

Prepayments for property, plant and equipment and other assets decreased from RMB14.5 million as of December 31, 2022 to RMB0.5 million as of December 31, 2023 primarily in connection with purchase of equipment and software. Prepayments for property, plant and equipment and other assets increased from RMB0.5 million as of December 31, 2023 to RMB1.3 million as of December 31, 2024.

Deposits and other receivables primarily include guarantee deposits and export tax rebate. Deposits and other receivables increased from RMB6.3 million as of December 31, 2022 to RMB7.0 million as of December 31, 2023. Deposits and other receivables decreased from RMB7.0 million as of December 31, 2023 to RMB4.1 million as of December 31, 2024.

Deductible input value-added tax increased from RMB7.9 million as of December 31, 2022 to RMB12.8 million as of December 31, 2023. Deductible input value-added tax decreased from RMB12.8 million as of December 31, 2023 to RMB6.9 million as of December 31, 2024.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consist of (i) **[REDACTED]** equity investments and (ii) other **[REDACTED]** investments. Other **[REDACTED]** investments are structured deposits a financial product issued by banks in China with a maturity period within one year. Our financial assets at fair value through profit or loss increased from RMB35.1 million as of December 31, 2022 to RMB105.8 million as of December 31, 2023, and further to RMB119.6 million as of December 31, 2024, mainly due to our increased investment in structured deposits.

The following table sets forth a breakdown of our financial assets through profit or loss as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
[REDACTED] equity investments, at fair value	15,127	15,127	18,700
Other **[REDACTED]** investments, at fair value	19,961	90,625	100,894
Total	**35,088**	**105,752**	**119,594**

Trade and Notes Payables

Our trade and notes payables mainly represent payables to our suppliers. Trade and notes payables increased from RMB25.9 million as of December 31, 2022 to RMB62.2 million as of December 31, 2023, primarily due to the significant increase in wafer procurement amounts compared to 2022. Trade and notes payables decreased from RMB62.2 million as of December 31, 2023 to RMB30.3 million as of December 31, 2024, primarily due to the decrease in raw material procurement amounts in 2024.

The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	25,906	62,185	27,401
Notes payables	—	—	2,933
Net carrying amount	25,906	62,185	30,334

The following table sets forth an aging analysis of our trade and notes payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	25,584	60,513	24,526
1 to 2 years	322	1,354	5,175
2 to 3 years	—	318	503
Over 3 years	—	—	130
Total	**25,906**	**62,185**	**30,334**

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

	Year ended December 31,		
	2022	2023	2024
Trade payables and notes turnover days[1]	82	73	61

Note:

(1) Trade payables turnover days are calculated based on the average of the beginning and ending trade and notes payables balances, divided by total cost of sales for that year, multiplied by 365 days.

The turnover days of our trade and notes payables decreased from 82 days in 2022 to 73 days in 2023, further to 61 days in 2024, primarily because some suppliers required prepayment.

As of April 30, 2025, RMB20.6 million, or 67.8% of our trade and notes payables as of December 31, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) contract liabilities, (ii) other payables, (iii) taxes payable other than corporate income tax, (iv) payroll payable, and (v) deferred income. As of December 31, 2022, 2023 and 2024, our other payables and accruals amounted to RMB253.7 million, RMB261.0 million and RMB221.2 million, respectively.

The following table sets forth the key components of our other payables and accrued expenses as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	119,259	120,727	82,577
Other payables and accruals	114,719	115,260	104,388
Taxes payable other than corporate income tax	2,191	4,237	7,808
Payroll payable	15,376	19,848	24,161
Deferred income	2,130	898	2,218
Total	**253,675**	**260,970**	**221,152**

Contract liabilities primarily include advances received to deliver products and services. Contract liabilities remained relatively stable at RMB120.7 million as of December 31, 2023 compared to RMB119.3 million as of December 31, 2022. Contract liabilities decreased from RMB120.7 million as of December 31, 2023 to RMB82.6 million as of December 31, 2024, primarily because we completed a number of customized sensor projects by the end of 2024.

Other payables primarily include payables to a minority shareholder of Gpixel Hangzhou. Other payables remained relatively stable at RMB114.7 million, RMB115.3 million and RMB104.4 million as of December 31, 2022, 2023 and 2024, respectively.

Taxes payable other than corporate income tax primarily include value-added tax payables. Taxes payable other than corporate income tax amounted to RMB2.2 million, RMB4.2 million and RMB7.8 million as of December 31, 2022, 2023 and 2024, respectively.

Payroll payable increased from RMB15.4 million as of December 31, 2022 to RMB19.8 million as of December 31, 2023, and further to RMB24.2 million as of December 31, 2024, primarily due to the increase in the number of our employees as a result of our business expansion.

Deferred income is in connection with government grants. Deferred income amounted to RMB2.1 million, RMB0.9 million and RMB2.2 million as of December 31, 2022, 2023 and 2024, respectively.

RELATED-PARTY TRANSACTIONS

The following table sets forth a breakdown of our outstanding balances with related parties as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables (trade):			
Customer A	31,809	39,407	41,159
LUSTER	285	473	1,221
	32,094	**39,880**	**42,380**
Contract liabilities (trade):			
Customer A	43,747	9,684	5,916
LUSTER	1,221	1,016	—
	44,968	**10,700**	**5,916**

We enter into transactions with our related parties from time to time. Our Directors believe that each of the related-party transactions set out in Note 35 in the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's-length basis between the relevant parties and was entered into on normal commercial terms. Our Directors are also of the view that our related-party transactions during the Track Record Period would not distort our track record results or make our historical results not indicative of our future performance.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Interest-Bearing Bank Borrowings

Our interest-bearing bank borrowings represent short term discounted bills repayable. We recorded interest-bearing bank borrowings of RMB1.5 million, RMB2.0 million, nil and nil as of December 31, 2022, 2023 and 2024 and April 30, 2025, respectively. The average effective interest rates on our borrowings are at 1.2% to 1.3% per annum, and are denominated in RMB.

As of the April 30, 2025, we had unutilized banking facilities of RMB53.2 million.

Lease liabilities

We lease properties to operate our business and our lease liabilities relate to the lease of office premises. Our lease liabilities decreased from RMB17.5 million as of December 31, 2022 to RMB15.0 million as of December 31, 2023, and further to RMB14.1 million as of December 31, 2024, primarily attributable to the lease payment made.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30, 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	3,331	4,273	7,810	7,704
Non-current	14,169	10,720	6,307	4,675
Total	**17,500**	**14,993**	**14,117**	**12,379**

Except as disclosed above and apart from normal trade and other payables, intra-group liabilities and tax payable, as of the Latest Practicable Date, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, hire purchase commitments, guarantees or contingent liabilities.

Since April 30, 2025 and up to the date of this document, there has not been any material and adverse change in our indebtedness and contingent liabilities, and our Directors confirm that we did not have any external financing plans as of the Latest Practicable Date. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

Contingent Liabilities

As of the Latest Practicable Date, we did not have any material contingent liabilities.

Net Current Assets

The following table sets forth selected information from our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30, 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Inventories	303,769	373,143	286,681	283,843
Trade and notes receivables	112,699	114,684	184,746	226,194
Prepayments, other receivables and other assets	17,024	28,670	20,962	27,319
Tax recoverable	781	—	654	—
Financial assets at fair value through profit or loss	19,961	90,625	100,894	315,242
Restricted cash	933	3,278	2,167	2,138
Cash and cash equivalents	299,369	92,713	402,984	129,323
Time deposits	153,726	434,719	309,782	410,998
Total current assets	**908,262**	**1,137,832**	**1,308,870**	**1,395,057**
Current liabilities				
Trade and notes payables	25,906	62,185	30,334	32,997
Other payables and accruals	103,170	121,189	91,753	144,439
Interest-bearing bank borrowings	1,500	2,000	—	—
Derivative financial instruments	—	—	199	79
Provision	2,798	2,525	2,553	2,829
Lease liabilities	3,331	4,273	7,810	7,704
Tax payable	3,726	8,067	10,715	3,727
Total current liabilities	**140,431**	**200,239**	**143,364**	**191,775**
Net current assets	**767,831**	**937,593**	**1,165,506**	**1,203,282**

We had net current assets of RMB767.8 million, RMB937.6 million, RMB1,165.5 million and RMB1,203.3 million as of December 31, 2022, 2023 and 2024, and April 30, 2025, respectively.

Our net current assets increased from RMB1,165.5 million as of December 31, 2024 to RMB1,203.3 million as of April 30, 2025, primarily due to (i) an increase of RMB214.3 million in financial assets at fair value through profit or loss, (ii) an increase of RMB101.2 million in time deposits, and (iii) an increase of RMB41.4 million in trade and notes receivables, partially offset by (i) a decrease of RMB273.7 million in cash and cash equivalents, and (ii) an increase of RMB52.7 million in other payables and accruals.

Our net current assets increased from RMB937.6 million as of December 31, 2023 to RMB1,165.5 million as of December 31, 2024, primarily due to (i) an increase of RMB310.3 million in cash and cash equivalents, (ii) an increase of RMB70.1 million in trade and notes receivables, and (iii) a decrease of RMB29.4 million in other payables and accruals, partially offset by (i) a decrease of RMB124.9 million in time deposits and (ii) a decrease of RMB86.5 million in inventories.

Our net current assets increased from RMB767.8 million as of December 31, 2022 to RMB937.6 million as of December 31, 2023, primarily due to (i) an increase of RMB281.0 million in time deposits, (ii) an increase of RMB70.7 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB69.4 million in inventories, partially offset by (i) a decrease of RMB206.7 million in cash and cash equivalents and (ii) an increase of RMB36.3 million in trade and notes payables.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, and shareholder equity contribution. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the **[REDACTED]** from the **[REDACTED]**. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We manage our cash flow and working capital by closely monitoring and managing, among other things, (i) the level of our account payables and receivables as well as amounts of contract assets, receivables under service concession arrangements and contract liabilities; and (ii) our ability to obtain external financing. We also diligently review future cash flow requirements and assess our ability to meet debt repayment schedules, and if necessary, adjust our investment, financing and dividend payout plans to ensure we maintain sufficient working capital.

We had cash and cash equivalents of RMB299.4 million, RMB92.7 million, and RMB403.0 million as of December 31, 2022, 2023 and 2024, respectively.

Consolidated Statements of Cash Flows

The table below sets forth the selected cash flow data from the consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from operations	152,298	226,243	245,158
Income tax paid	(30,415)	(17,985)	(20,317)
Net cash flows from operating activities	121,883	208,258	224,841
Net cash flows (used in)/from investing activities	(172,773)	(407,940)	92,134
Net cash flows from/(used in) financing activities	207,538	(7,729)	(4,745)
Net increase/(decrease) in cash and cash equivalents	156,648	(207,411)	312,230
Cash and cash equivalents at the beginning of the year	145,510	299,369	92,713
Effect of foreign exchange differences, net	(2,789)	755	(1,959)
Cash and cash equivalents at the end of the year	**299,369**	**92,713**	**402,984**

Net Cash Flows From Operating Activities

We derive our cash inflows from operations principally from the receipts in respect of the sales of our products and services. Our cash outflows from operations are principally payments for cost of sales, including raw materials and outsourced services, selling expenses, administrative expenses and research and development expenses.

Cash generated from operations reflects our profit before income tax, adjusted for (i) non-cash and non-operating items, such as depreciation and amortization and impairment allowances and (ii) the effects of changes in our working capital, such as changes in inventories, trade and notes receivables and prepayments, other receivables and other assets, and (iii) other cash items, such as income tax paid.

For the year ended December 31, 2024, our net cash from operating activities amounted to RMB224.8 million. During this year, our operating cash inflow before working capital changes but after adjustments for non-cash income and expenses were RMB299.0 million. Our cash flow was further negatively affected by working capital adjustments primarily including (i) an increase in trade and notes receivables of RMB72.4 million, (ii) a decrease in accrued contract liabilities of RMB38.2 million, and (iii) a decrease in trade and notes payables of RMB31.9 million. This was partially offset by the decrease in inventories of RMB75.7 million.

For the year ended December 31, 2023, our net cash from operating activities amounted to RMB208.3 million. During this year, our operating cash inflow before working capital changes but after adjustments for non-cash income and expenses were RMB283.1 million. Our cash flow was further negatively affected by working capital adjustments primarily including (i) an increase in inventories of RMB90.4 million and (ii) an increase in prepayments, other receivables and other assets of RMB10.9 million. This was partially offset by an increase in trade and notes payables of RMB36.3 million.

For the year ended December 31, 2022, our net cash from operating activities amounted to RMB121.9 million. During this year, our operating cash inflow before working capital changes but after adjustments for non-cash income and expenses were RMB354.0 million. Our cash flow was further negatively affected by working capital adjustments primarily including (i) an increase in inventories of RMB87.6 million, (ii) an increase in trade and notes receivables of RMB66.0 million, and (iii) a decrease in contract liabilities of RMB23.0 million.

Net Cash Flows (Used In)/From in Investing Activities

Our cash used in investing activities consists primarily of (i) purchase of items of property, plant and equipment, (ii) purchase of other intangible assets, and (iii) purchases of financial assets at fair value through profit or loss. Our cash generated from investing activities consists primarily of repayment of financial assets at fair value through profit or loss.

For the year ended December 31, 2024, our net cash flows from investing activities were RMB92.1 million, primarily attributable to (i) repayment of financial assets at fair value through profit or loss of RMB1,125.1 million and (ii) withdrawal of time deposits of RMB490.0 million. This was partially offset by purchases of financial assets at fair value through profit or loss of RMB1,135.0 million.

For the year ended December 31, 2023, our net cash flows used in investing activities were RMB407.9 million, primarily attributable to (i) placement of time deposits of RMB600.0 million and (ii) purchases of financial assets at fair value through profit or loss of RMB297.0 million. This was partially offset by (i) withdrawal of time deposits of RMB322.0 million and (ii) repayment of financial assets at fair value through profit or loss of RMB227.0 million.

For the year ended December 31, 2022, our net cash flows used in investing activities were RMB172.8 million, primarily attributable to (i) placement of time deposits of RMB130.0 million and (ii) purchases of equity investments designated at fair value through other comprehensive income of RMB27.0 million. This was partially offset by acquisition of a subsidiary, net of cash acquired of RMB17.4 million.

Net Cash Flows From/(Used In) Financing Activities

Our cash from financing activities consists primarily of (i) proceeds from issue of shares, (ii) capital injection from shareholders and (iii) proceeds from bank borrowings. Our cash used in financing activities consists primarily of (i) Repayment of bank borrowings, (ii) acquisition of equity interests from the shareholders of a subsidiary and (iii) repayment of principal portion of lease liabilities.

For the year ended December 31, 2024, our net cash flows used in financing activities were RMB4.7 million, primarily attributable to (i) repayment of principal portion of lease liabilities of RMB4.6 million and (ii) repayment of bank borrowings of RMB2.0 million.

For the year ended December 31, 2023, our net cash flows used in financing activities were RMB7.7 million, primarily attributable to (i) repayment of principal portion of lease liabilities of RMB2.6 million and (ii) repayment of bank borrowings of RMB1.5 million . This was partially offset by proceeds from bank borrowings of RMB2.0 million.

For the year ended December 31, 2022, our net cash flows from financing activities were RMB207.5 million, primarily attributable to (i) capital injection from shareholders of RMB125.7 million and (ii) proceeds from issue of shares of RMB100.0 million. This was partially offset by acquisition of equity interests from the shareholders of a subsidiary of RMB15.4 million.

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the periods indicated.

	As of and for the year ended December 31,		
	2022	2023	2024
Gross profit margin[1]	76.2%	63.5%	59.0%
Adjusted net margin[2]	48.5%	36.8%	37.0%
Return on equity[3]	55.2%	26.1%	22.9%
Return on total assets[4]	36.8%	18.9%	17.8%
Current ratio[5]	6.5	5.7	9.1
Quick ratio[6]	4.2	3.7	7.0
Gearing ratio[7]	2.6%	1.8%	1.2%

Notes:

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100%.

(2) The calculation of adjusted net profit margin is based on adjusted net profit (non-HKFRS measure), for the period divided by revenue for the respective period and multiplied by 100%.

(3) The calculation of return on equity is based on adjusted net profit (non-HKFRS measure) for the period divided by average total equity as of the beginning and end of the period and multiplied by 100%.

(4) The calculation of return on total assets is based on adjusted net profit (non-HKFRS measure) for the period divided by the average total assets as of the beginning and end of the period and multiplied by 100%.

(5) The calculation of current ratio is based on current assets divided by current liabilities as of the relevant period end.

(6) Quick ratio equals total current assets minus inventory and current portion of prepayments, other receivables and other assets divided by current liabilities as of the relevant period end.

(7) Gearing ratio equals interest-bearing bank borrowings and lease liabilities divided by total equity multiplied by 100%.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of expenditures for (i) property, plant and equipment, and (ii) software. Our capital expenditures for the years ending December 31, 2022, 2023 and 2024 was RMB28.8 million, RMB28.1 million and RMB28.8 million.

During the Track Record Period, we funded our capital expenditure mainly from cash generated from our operating activities. We expect to fund these capital expenditures through a combination of cash generated from our operations, the **[REDACTED]** received from the **[REDACTED]**, and other equity or debt financings.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Capital Commitments

As of December 31, 2022, 2023 and 2024, we did not have any significant contractual and capital commitments. During the Track Record Period, there was no material change to our indebtedness and capital commitments.

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

Our activities expose us to a variety of financial risks: credit risk, liquidity risk and foreign currency risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our Group's financial performance.

Credit Risk

We trade mainly with recognized and creditworthy third parties. It is the our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For the credit quality and the maximum exposure to credit risk based on our credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, see Note 38 to the Accountants' Report of Appendix I to this document.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of other borrowings. For maturity profile of our financial liabilities, see Note 38 to the Accountants' Report of Appendix I to this document.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. See Note 38 to the Accountants' Report of Appendix I to this document.

DIVIDEND

We may distribute dividends by way of cash or by other means that we consider appropriate. In June 2025, we declared a dividend of RMB18.5 million, which is expected to be paid before August 2025. Currently, we do not have a formal dividend policy or a pre-determined dividend distribution ratio. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account of factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends.

WORKING CAPITAL CONFIRMATION

Taking into account our cash and cash equivalents, operating cash flows, the available bank facilities, and the estimated **[REDACTED]** available to us from the **[REDACTED]**, our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had RMB205.6 million of retained profits available for distribution to our Shareholders.

[REDACTED] EXPENSES

The total **[REDACTED]** expenses borne or to be borne by us are estimated to be approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) (comprising (i) **[REDACTED]** of approximately RMB**[REDACTED]** million, and (ii) non-**[REDACTED]** related expenses of approximately RMB**[REDACTED]** million, which consist of fees and expenses of legal advisors and reporting accountants of approximately RMB**[REDACTED]** million and other fees and expenses of approximately RMB**[REDACTED]** million), accounting for approximately **[REDACTED]**% of the **[REDACTED]** of the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, which is the mid-point of the indicative **[REDACTED]** stated in this document and assuming that the **[REDACTED]** is not exercised. We expect that approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) will be charged to our statements of profit or loss as **[REDACTED]** expenses, and approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million) will be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such **[REDACTED]** expenses to have a material adverse impact on our results of operation for the year ending December 31, 2025.

[REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of our **[REDACTED]** adjusted consolidated net tangible assets, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed 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 date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there were 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 — Our Development Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** million from the **[REDACTED]**, after deducting the estimated **[REDACTED]** commissions and other estimated **[REDACTED]** expenses payable by us in connection with the **[REDACTED]**, assuming that an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** stated in this document) and assuming that the **[REDACTED]** is not exercised.

We intend to use the aforementioned **[REDACTED]** as follows:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for supporting our continuous R&D and product iterations across our major application scenarios, namely, industrial imaging, scientific imaging, professional photography and video, and medical imaging solutions. Our R&D focus will center on continuous advancement in pixel design and circuit architecture, enabling next-generation products that push the boundaries of performance parameters such as quantum efficiency, readout speed, and dynamic range. We will continue to invest heavily in developing sensors based on advanced technology with mature process nodes and novel fabrication platforms, ensuring our technology roadmap maintains global leadership. Our investments will be primarily made to procure additional R&D equipment and software, wafer mask, glass tooling, and ceramic package tooling, optimize IT infrastructure and system, support validation and reliability tests, as well as maintain R&D and related workforce. Specifically, with respect to each of our major application scenario:

  i. *Industrial imaging:* Leveraging our core technologies such as global shutter pixels, TDI pixels, HDR technology, and high-speed readout circuitry, we plan to use **[REDACTED]**%, or HK$**[REDACTED]** million, to develop and commercialize several new products under this application scenario which will have diverse applications in new energy, semiconductors and PCB/FPD panel inspection.

  ii. *Scientific imaging:* Building upon our core technologies including BSI sensors, HDR pixels, and low-noise circuitry, we plan to use **[REDACTED]**%, or HK$**[REDACTED]** million, to develop and commercialize several new products under this application scenario which will have applications spanning life sciences, astronomy observation, spectroscopy, and microscopy.

iii. *Professional photography and video:* Utilizing core technologies like rolling shutter pixels, high-speed readout circuitry HDR technology, and low-noise circuitry, we plan to use **[REDACTED]**%, or HK$**[REDACTED]** million, to develop and commercialize several new full frame and APS-C frame products under this application scenario targeting DSLR, and video and broadcasting.

iv. *Medical imaging:* Leveraging core technologies such as high-sensitivity pixels, and low-noise circuitry, we plan to use **[REDACTED]**%, or HK$**[REDACTED]** million, to engage in R&D to develop and commercialize several new products under this application scenario focused on CT and X-ray equipment.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for establishing an advanced CMOS image sensor R&D center, including (i) the acquisition and maintenance of an office building to serve as our R&D innovation hub and regional headquarters; (ii) the design and renovation of the premise to meet advanced semiconductor research requirements; (iii) the procurement and installation of cutting-edge research equipment, testing instruments, and supporting infrastructure; and (iv) the establishment of R&D and related teams. The new R&D center will mainly focus on high performance pixel architecture and advanced technology, enhance our intellectual property portfolio, and improve our time-to-market for advanced imaging solutions.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for expanding our packaging and testing production lines, including (i) establishment of additional production plant for the expansion of clean room facilities to meet advanced manufacturing requirements; (ii) the procurement and installation of cutting-edge packaging and testing equipment to enhance production capacity and quality control; and (iii) the deployment, recruitment and training of skilled personnel to support our expanded operations. These strategic investments will improve our production flexibility, increase throughput, and ensure we can meet growing customer demand for our CMOS image sensor products while maintaining high quality standards. The expanded capabilities will also enable us to better serve our customers with faster time-to-market and more competitive offerings.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for expanding our international presence, including (i) establishment of new subsidiary in Hong Kong and recruitment of personnel for the new office; (ii) expansion of sales team to support our global sales and marketing efforts and expand global our footprint; (iii) increased participation in international industry events and trade shows; and (iv) expansion of overseas R&D presence. We expect these initiatives will broaden our customer network and strengthen our market position in the CMOS image sensor industry, and in turn drive revenue growth and increase our global market share.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, is expected to be used for working capital and general corporate purposes.

The above allocation of the **[REDACTED]** from 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 estimated **[REDACTED]**.

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the high end of the indicative **[REDACTED]** stated in this document) and assuming the **[REDACTED]** is not exercised, the **[REDACTED]** we receive will be approximately HK$**[REDACTED]** million, after deduction of **[REDACTED]** and commissions and estimated expenses payable by us in connection with the **[REDACTED]**.

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the low end of the indicative **[REDACTED]** stated in this document) and assuming the **[REDACTED]** is not exercised, the **[REDACTED]** we receive will be approximately HK$**[REDACTED]** million, after deduction of **[REDACTED]** and commissions and estimated expenses payable by us in connection with the **[REDACTED]**.

If the **[REDACTED]** is fully exercised, the additional **[REDACTED]** that we will receive will be approximately HK$**[REDACTED]** million (assuming the **[REDACTED]** of HK$**[REDACTED]** per Share, being the low end of the indicative **[REDACTED]**) to HK$**[REDACTED]** million (assuming the **[REDACTED]** of HK$**[REDACTED]** per Share, being the high end of the indicative **[REDACTED]**). In the event that the **[REDACTED]** is exercised, we intend to apply the additional **[REDACTED]** to the above purposes on a pro rata basis.

To the extent that our **[REDACTED]** are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

If the **[REDACTED]** of the **[REDACTED]** are not immediately applied to the above purposes, we will only deposit those **[REDACTED]** into short-term interest-bearing accounts at (i) licensed commercial banks in Hong Kong or the PRC, and/or (ii) other authorized financial institutions (as defined under the SFO) in Hong Kong.

We will issue an appropriate announcement if there is any change to the above proposed **[REDACTED]**.

[REDACTED]

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The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GPIXEL CHANGCHUN MICROELECTRONICS INC., CITIC SECURITIES (HONG KONG) LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Gpixel Changchun Microelectronics Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[4] to I-[138], which comprises statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "**Relevant Periods**"), and 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 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[4] to I-[138] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] June 2025 (the "**Document**") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public

Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 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 purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE 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 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	604,407	604,835	673,048
Cost of sales		(144,084)	(220,881)	(276,186)
Gross profit		460,323	383,954	396,862
Other income and gains	5	16,276	29,542	55,161
Selling expenses		(14,367)	(22,653)	(27,858)
Administrative expenses		(411,753)	(62,196)	(64,721)
Research and development expenses		(84,200)	(131,546)	(130,215)
Impairment losses on trade receivables, net		(581)	(1,948)	(2,128)
Other expenses		(10,033)	(919)	(3,154)
Finance costs	7	(634)	(1,372)	(868)
Share of losses of associates		(5,654)	(2,371)	(2,243)
(LOSS)/PROFIT BEFORE TAX	6	(50,623)	190,491	220,836
Income tax expense	10	(33,476)	(20,644)	(23,854)
(LOSS)/PROFIT FOR THE YEAR		(84,099)	169,847	196,982
Attributable to:				
Owners of the parent		(83,148)	174,199	198,675
Non-controlling interests		(951)	(4,352)	(1,693)
		(84,099)	169,847	196,982
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted *(RMB yuan)*	12	(0.26)	0.47	0.54

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	(84,099)	169,847	196,982
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(1,163)	(687)	(2,590)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,163)	(687)	(2,590)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	—	—	2,543
Income tax effect	—	—	(254)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	—	—	2,289
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(1,163)	(687)	(301)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(85,262)	169,160	196,681
Attributable to:			
Owners of the parent	(84,415)	173,322	198,560
Non-controlling interests	(847)	(4,162)	(1,879)
	(85,262)	169,160	196,681

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	38,165	49,306	51,632
Right-of-use assets	*14(a)*	16,982	11,661	9,963
Other intangible assets	*15*	5,482	13,393	8,229
Investment in associates	*16*	8,362	6,785	11,443
Equity investments designated at fair value through other comprehensive income	*17*	36,886	75,886	78,429
Financial assets at fair value through profit and loss	*21*	15,127	15,127	18,700
Prepayments, other receivables and other assets	*20*	14,470	454	1,259
Deferred tax assets	*28*	1,762	3,444	2,555
Total non-current assets		137,236	176,056	182,210
CURRENT ASSETS				
Inventories	*18*	303,769	373,143	286,681
Trade and notes receivables	*19*	112,699	114,684	184,746
Prepayments, other receivables and other assets	*20*	17,024	28,670	20,962
Tax recoverable		781	—	654
Financial assets at fair value through profit or loss	*21*	19,961	90,625	100,894
Restricted cash	*22*	933	3,278	2,167
Cash and cash equivalents	*22*	299,369	92,713	402,984
Time deposits	*22*	153,726	434,719	309,782
Total current assets		908,262	1,137,832	1,308,870
CURRENT LIABILITIES				
Trade and notes payables	*23*	25,906	62,185	30,334
Other payables and accruals	*24*	103,170	121,189	91,753
Interest-bearing bank borrowings	*26*	1,500	2,000	—
Derivative financial instruments	*25*	—	—	199
Provision	*27*	2,798	2,525	2,553
Lease liabilities	*14(b)*	3,331	4,273	7,810
Tax payable		3,726	8,067	10,715
Total current liabilities		140,431	200,239	143,364
NET CURRENT ASSETS		767,831	937,593	1,165,506
TOTAL ASSETS LESS CURRENT LIABILITIES		905,067	1,113,649	1,347,716

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Other payables and accruals	*24*	150,505	139,781	129,399
Lease liabilities	*14(b)*	14,169	10,720	6,307
Total non-current liabilities		164,674	150,501	135,706
Net assets		740,393	963,148	1,212,010
EQUITY				
Equity attributable to owners of the parent				
Share capital	*29*	370,000	370,000	370,000
Reserves	*31*	356,031	581,325	830,976
		726,031	951,325	1,200,976
Non-controlling interests		14,362	11,823	11,034
Total equity		740,393	963,148	1,212,010

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent										
	Paid-in capital	Capital reserve	Share capital	Equity reserves*	Statutory surplus reserve*	Share option/award reserve*	Exchange fluctuation reserve*	Accumulated loss*	Total	Non-controlling interests	Total equity
	RMB'000 (*note 29*)	*RMB'000*	*RMB'000* (*note 29*)	*RMB'000* (*note 31*)	*RMB'000* (*note 31*)	*RMB'000* (*note 30*)	*RMB'000* (*note 31*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	28,450	275,320	—	3,662	14,750	1,926	(741)	(3,967)	319,400	3,033	322,433
Loss for the year	—	—	—	—	—	—	—	(83,148)	(83,148)	(951)	(84,099)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(1,267)	—	(1,267)	104	(1,163)
Total comprehensive loss for the year	—	—	—	—	—	—	(1,267)	(83,148)	(84,415)	(847)	(85,262)
Capital injection from shareholders	8,550	117,100	—	—	—	—	—	—	125,650	—	125,650
Equity-settled share-based payments arrangement (*note 30*)	—	—	—	—	—	377,324	—	—	377,324	—	377,324
Transfer of share option/award reserve upon vesting	—	363,087	—	—	—	(363,087)	—	—	—	—	—
Conversion into a joint stock company	(37,000)	(755,507)	370,000	577,226	(14,750)	(4,731)	—	(135,238)	—	—	—
Acquisition of non-controlling interests	—	—	—	(14,169)	—	—	—	—	(14,169)	(1,203)	(15,372)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	12,166	12,166
Others	—	—	—	2,241	—	—	—	—	2,241	1,213	3,454
At 31 December 2022	—	—	370,000	568,960	—	11,432	(2,008)	(222,353)	726,031	14,362	740,393

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	**Equity reserves***	**Statutory surplus reserve***	**Share option/award reserve***	**Exchange fluctuation reserve***	**Accumulated loss***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 29)	*(note 31)*	*(note 31)*	*(note 30)*	*(note 31)*				
At 1 January 2023	370,000	568,960	—	11,432	(2,008)	(222,353)	726,031	14,362	740,393
Profit for the year	—	—	—	—	—	174,199	174,199	(4,352)	169,847
Exchange differences on translation of foreign operations	—	—	—	—	(877)	—	(877)	190	(687)
Total comprehensive income for the year	—	—	—	—	(877)	174,199	173,322	(4,162)	169,160
Equity-settled share-based payments arrangement *(note 30)*	—	—	—	52,877	—	—	52,877	—	52,877
Transfer to statutory surplus reserve	—	—	2,061	—	—	(2,061)	—	—	—
Others	—	(905)	—	—	—	—	(905)	1,623	718
At 31 December 2023	370,000	568,055	2,061	64,309	(2,885)	(50,215)	951,325	11,823	963,148

Year ended 31 December 2024

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Equity reserves*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Share option/award reserve*	Exchange fluctuation reserve*	Retained profits*	Total		
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000* *(note 31)*	*RMB'000* *(note 30)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	370,000	568,055	—	2,061	64,309	(2,885)	(50,215)	951,325	11,823	963,148
Profit for the year	—	—	—	—	—	—	198,675	198,675	(1,693)	196,982
Exchange differences on translation of foreign operations	—	—	—	—	—	(2,404)	—	(2,404)	(186)	(2,590)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	2,289	—	—	—	—	2,289	—	2,289
Total comprehensive income for the year	—	—	2,289	—	—	(2,404)	198,675	198,560	(1,879)	196,681
Equity-settled share-based payments arrangement *(note 30)*	—	—	—	—	52,252	—	—	52,252	—	52,252
Transfer to statutory surplus reserve	—	—	—	20,782	—	—	(20,782)	—	—	—
Others	—	(1,161)	—	—	—	—	—	(1,161)	1,090	(71)
At 31 December 2024	370,000	566,894	2,289	22,843	116,561	(5,289)	127,678	1,200,976	11,034	1,212,010

These reserve accounts comprise the consolidated reserves of RMB356,031,000, RMB581,325,000 and RMB830,976,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(50,623)	190,491	220,836
Adjustments for:				
Interest income		(2,258)	(8,468)	(10,294)
Finance costs	*7*	634	1,372	868
Depreciation of property, plant and equipment	*13*	5,183	9,382	10,773
Amortisation of other intangible assets	*15*	6,977	10,476	12,227
Depreciation of right-of-use assets	*14*	4,400	4,795	5,859
Impairment of inventory		7,880	20,996	10,743
Investment income from financial assets at fair value through profit or loss		(1,183)	(1,262)	(3,607)
Loss/(gain) on disposal of property, plant and equipment		142	(3)	358
Impairment losses on trade receivables, net		581	1,948	2,128
Loss/(gain) on derecognition of right-of-use assets		18	24	(319)
Fair value changes of financial assets with the fair value changes through profit or loss		31	(664)	(4,361)
Dividend income from equity investments at fair value through profit or loss		(185)	(248)	(14)
Share-based payments expense		377,324	52,877	52,252
Share of profits and losses of associates	*16*	5,654	2,371	2,243
Disposal of an associate		(1,720)	—	—
Covid-19-related rent concessions from lessors		(476)	—	—
Foreign exchange differences, net		1,644	(983)	(665)
		354,023	283,104	299,027
(Increase)/decrease in inventories		(87,632)	(90,370)	75,719
Increase in trade and notes receivables		(65,983)	(4,652)	(72,377)
Decrease/(increase) in prepayments, other receivables and other assets		549	(10,865)	7,054
(Increase)/decrease in restricted cash		(738)	738	—
(Decrease)/increase in trade and notes payables		(13,188)	36,279	(31,851)
(Decrease)/increase in other payables and accruals		(12,716)	10,814	5,708
(Decrease)/increase in contract liabilities		(23,030)	1,468	(38,150)
Increase/(decrease) in provision		1,013	(273)	28
Cash generated from operations		152,298	226,243	245,158
Income tax paid		(30,415)	(17,985)	(20,317)
Net cash flows from operating activities		121,883	208,258	224,841

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(24,424)	(17,228)	(15,708)
Purchases of other intangible assets		(4,352)	(10,867)	(13,120)
Proceeds from disposal of items of property, plant and equipment		101	170	42
Purchases of financial assets at fair value through profit or loss		(26,000)	(297,000)	(1,135,000)
Recovery/(payment) of restricted cash		281	—	(1,650)
Purchases of equity investments designated at fair value through other comprehensive income		(27,000)	(39,000)	—
Acquisition of a subsidiary, net of cash acquired		17,380	—	—
Purchase of shareholding of an associate		—	—	(7,000)
Placement of time deposits		(130,000)	(600,000)	(362,715)
Withdrawal of time deposits		—	322,000	490,000
Repayment of financial assets at fair value through profit or loss		18,759	227,000	1,125,093
Dividend received		185	248	14
Interest received		2,297	6,737	12,178
Net cash flows (used in)/from investing activities		(172,773)	(407,940)	92,134
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from other borrowings		100,000	—	—
Capital injection from shareholders		125,650	—	—
Acquisition of equity interests from the shareholders of a subsidiary		(15,372)	—	—
Proceeds from bank borrowings		1,489	1,987	—
Repayment of bank borrowings		—	(1,500)	(2,045)
Payments of professional fees		—	(1,858)	(212)
(Payment)/recovery of restricted cash		—	(3,083)	2,761
Repayment of principal portion of lease liabilities		(3,680)	(2,632)	(4,617)
Interest paid		(549)	(643)	(632)
Net cash flows from/(used in) financing activities		207,538	(7,729)	(4,745)

	Notes	Year ended 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		156,648	(207,411)	312,230
Cash and cash equivalents at beginning of year		145,510	299,369	92,713
Effect of foreign exchange rate changes, net		(2,789)	755	(1,959)
CASH AND CASH EQUIVALENTS AT END OF YEAR		299,369	92,713	402,984
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*22*	300,302	91,980	405,151
Non-pledged time deposits with original maturity of less than three months when acquired		—	4,011	—
Less: restricted cash	*22*	933	3,278	2,167
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		299,369	92,713	402,984

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	26,638	28,496	28,993
Right-of-use assets	14(a)	3,778	2,834	2,452
Other intangible assets	15	2,217	2,841	4,147
Investments in associates	16	6,545	5,696	11,220
Investments in subsidiaries	39	84,777	101,290	413,251
Equity investments designated at fair value through other comprehensive income	17	36,886	75,886	78,429
Financial asset at fair value through profit and loss	21	15,127	15,127	18,700
Prepayments, other receivables and other assets	20	3,153	386	1,180
Deferred tax assets	28	974	2,217	1,789
Total non-current assets		180,095	234,773	560,161
CURRENT ASSETS				
Inventories	18	247,035	303,939	218,913
Trade and notes receivables	19	56,721	78,296	122,706
Prepayments, other receivables and other assets	20	5,003	10,370	5,763
Tax recoverable		568	—	—
Financial assets at fair value through profit or loss	21	19,961	65,292	50,518
Due from subsidiaries	40	174,054	306,779	71,691
Restricted cash	22	738	—	—
Cash and cash equivalents	22	109,887	26,421	140,311
Time deposits	22	103,549	171,200	246,802
Total current assets		717,516	962,297	856,704
CURRENT LIABILITIES				
Trade and notes payables	23	21,821	59,966	25,912
Other payables and accruals	24	63,550	67,314	54,090
Interest-bearing bank borrowings	26	1,500	2,000	—
Provision	27	2,798	2,525	2,553
Lease liabilities	14(b)	—	—	2,109
Due to subsidiaries	40	9,080	2,867	13,376
Tax payable		—	6,975	10,715
Total current liabilities		98,749	141,647	108,755
NET CURRENT ASSETS		618,767	820,650	747,949
TOTAL ASSETS LESS CURRENT LIABILITIES		798,862	1,055,423	1,308,110

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Other payables and accruals	*24*	11,233	9,608	1,272
Lease liabilities	*14(b)*	4,907	5,057	3,741
Total non-current liabilities		16,140	14,665	5,013
Net assets		782,722	1,040,758	1,303,097
EQUITY				
Share capital	*29*	370,000	370,000	370,000
Reserves	*31*	412,722	670,758	933,097
Total equity		782,722	1,040,758	1,303,097

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (the "**PRC**") on 3 September 2012. The registered office of the Company is located at Office Buildings 1 and 5, Phase I, Optoelectronic Information Industrial Park, No. 7691, Ziyou Road, Changchun Economic and Technological, Development Zone, Jilin Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (together, the "**Group**") were involved in the research and development, design and sale of high-performance CMOS image sensors, as well as related customised services.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's subsidiaries of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gpixel Hangzhou Microelectronics Inc.* ("**Gpixel Hangzhou**") (杭州長光辰芯微電子有限公司)	PRC/Mainland China 20 July 2020	RMB15,000,000	91.67	—	Research and development, design and sale of high-performance CMOS image sensors, as well as related customisation services
Gpixel Dalian Microelectronics Inc.* ("**Gpixel Dalian**") (大連長光辰芯微電子有限公司)	PRC/Mainland China 1 December 2021	RMB5,000,000	100	—	Research and development, design and sale of high-performance CMOS image sensors, as well as related customisation services
Gpixel Japan 株式會社 ("**Gpixel Japan**")	Japan 7 January 2016	JPY350,350,000	100	—	Module research and development, as well as the procurement of raw materials and packaging services
GPIXEL NV ("**Gpixel Belgium**")	Belgium 9 August 2018	EUR640,000	68.36	—	Research and development, design and sale of high-performance CMOS image sensors, as well as related customisation services

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Changchun Changguang Yuanxin Integrated Circuit Co., Ltd.* ("**Changguang Yuanxin**") (長春長光圓芯集成電路有限公司)	PRC/Mainland China 30 October 2020	RMB25,500,000	50.98	—	Packaging of CMOS image sensors

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2024 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies*, *Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

There is no impact to the financial position and performance of the group as the result of the adoption of HKFRS 18, except that the presentation of statement of profit or loss will be amended and additional disclosure will be included in the financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its derivative financial instruments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any amortisation/depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	Estimated benefit period
Buildings	20 to 40 years
Plant and machinery	10 years
Electronic devices	3 to 5 years
Motor vehicles	3 to 5 years
Office equipment	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of the authorised period or 5 years, whichever is shorter.

Proprietary technology

Proprietary technology is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 10 years.

Patents

Patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 7 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises, motor vehicles and office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). 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.

Lease payments on short-term leases and leases of low-value assets, which are not capitalised, are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, other payables and accruals, lease liabilities, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency options, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain products for general replacement of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of replacements, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) High-performance CMOS image sensors

Revenue from the high-performance CMOS image sensors is recognised at the point in time when control of products is transferred to the customer, generally on delivery of the goods or upon the receipt of goods of customer. For domestic sales, control of product is transferred upon receipt of goods of customer. For exporting sales, control of product is transferred upon completion of customs clearance procedures and obtaining of the export goods declaration form.

(b) Customised sensor solutions

Revenue from customised sensor solutions is recognised at the point in time when the Group has completed the contractual obligations and obtained customer's acceptance confirmation.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates an employee shareholding plan and a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is measured at the market value of the shares, further details of which are given in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal government and the central government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As 31 December 2022, 2023 and 2024, the Group had tax losses of RMB44,539,000, RMB107,625,000 and RMB129,781,000 carried forward, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets of the Group are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of* [REDACTED] *equity investments

The **[REDACTED]** equity investments have been valued based on a market-based valuation technique as detailed in note 37 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the **[REDACTED]** equity investments at 31 December 2022, 2023 and 2024 were RMB52,013,000, RMB91,013,000 and RMB97,129,000, respectively. Further details are included in note 17 and note 21 to the Historical Financial Information.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each of the Relevant Periods. The carrying amount of inventories is given in note 18 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their service and products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	399,773	424,367	497,844
Other regions	204,634	180,468	175,204
Total revenue	604,407	604,835	673,048

The revenue information of continuing operations above is based on the delivery destination.

(b) Non-current assets

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	63,799	66,010	69,083
Other regions	19,662	15,589	13,443
Total non-current assets	83,461	81,599	82,526

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Group A**	136,493	110,118	N/A*
Group B**	60,856	69,322	100,989

* The corresponding revenue of the customer is not disclosed as the revenue did not individually account for 10% or more of the Group's revenue during the year ended 31 December 2024.

** Including sales to a group of entities which are known to be under common control with the same entity.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	604,407	604,835	673,048

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
High-performance CMOS image sensors	559,662	505,038	510,330
Customised sensor solutions	43,752	98,366	162,197
Others	993	1,431	521
Total	604,407	604,835	673,048

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Geographical markets			
Mainland China	399,773	424,367	497,844
Other regions	204,634	180,468	175,204
Total	604,407	604,835	673,048

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition			
Goods transferred or services provided at a point in time	604,407	604,835	673,048

The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
High-performance CMOS image sensors	58,266	15,372	11,989
Customised sensor solutions	52,019	55,512	70,988
Total	110,285	70,884	82,977

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

High-performance CMOS image sensors

The performance of obligation is satisfied upon delivery or receipt of customers or customs clearance and payment is usually due within 30 to 60 days from the date of invoice, except for some customers, where payment in advance is required.

Customised sensor solutions

The performance obligation is satisfied upon the completion of service and customer acceptance and instalment payment is generally made according to the agreed development phase.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the Relevant Periods are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	83,931	152,458	93,958
After one year	94,806	128,193	47,924
Total	178,737	280,651	141,882

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue related to high-performance CMOS image sensors and customised sensor solutions. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Bank interest income	4,601	11,213	12,995
Investment income from financial assets at fair value through profit or loss	1,183	1,262	3,607
Government grants*	8,241	15,843	33,151
Others	531	557	728
Total other income	14,556	28,875	50,481
Gains			
Gain on disposal of items of property, plant and equipment, net	—	3	—
Gain on termination of leases, net	—	—	319
Gains on disposal of investment in an associate	1,720	—	—
Gains on fair value change of financial assets at fair value through profit or loss, net	—	664	4,361
Total gains	1,720	667	4,680
Total other income and gains	16,276	29,542	55,161

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation.

6. (LOSS)/PROFIT BEFORE TAX

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

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold*		122,336	161,843	177,381
Cost of services provided*		21,748	59,038	98,805
Depreciation of property, plant and equipment**	*13*	5,183	9,382	10,773
Depreciation of right-of-use assets**	*14*	4,400	4,795	5,859
Amortisation of other intangible assets***		6,977	10,476	12,227
Research and development costs****		84,200	131,546	130,215
Bank interest income		(4,601)	(11,213)	(12,995)
Government grants		(8,241)	(15,843)	(33,151)
Share of losses of associates		5,654	2,371	2,243
Auditor's remuneration		576	364	1,942
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration *(note 8)*):				
Salaries, bonuses and allowances		78,843	114,486	124,747
Share-based payments expense*****		14,139	51,819	51,483
Pension scheme contributions (defined contribution scheme)		4,917	7,044	8,728
Total		97,899	173,349	184,958
Impairment of trade receivables, net		581	1,948	2,128
Write-down of inventories to net realisable value******		7,880	20,996	10,743
Foreign exchange differences, net*******		9,613	894	2,618

* The cost of inventories sold and cost of services provided included RMB19,818,000, RMB30,778,000 and RMB60,588,000 relating to employee benefit expense during the years ended 31 December 2022, 2023 and 2024.

** The depreciation of property, plant and equipment and right-of-use assets is included in "Cost of sales", "Administrative expenses" and "Research and development expenses" in the consolidated statement of profit or loss.

*** The amortisation of other intangible assets is included in "Cost of sales", "Administrative expenses" and "Research and development expenses" in the consolidated statement of profit or loss.

**** Research and development costs include part of employee benefit expense, share-based payments expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets.

***** The share-based payments expense is included in "Cost of sales", "Research and development expenses", "Selling expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

****** The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

******* The Foreign exchange differences, net is included in "Other expenses" in the consolidated statement of profit or loss.

^ There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on discounted notes receivable	85	729	236
Interest on lease liabilities	549	643	632
Total	634	1,372	868

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of each of the Company's directors, chief executive and supervisors is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	—	300	300
Other emoluments:			
Salaries, bonuses and allowances	2,880	5,361	5,487
Share-based payments expense	363,185	1,058	769
Pension scheme contributions	85	188	212
Subtotal	366,150	6,607	6,468
Total	366,150	6,907	6,768

During the Relevant Periods, certain directors were granted shares under the employee shareholding plan, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods are included in the above directors', chief executive's and supervisors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Yan Dongming^	—	100	100
Dr. Wang Xinlu	—	100	100
Dr. Xie Ning	—	100	100
Total	—	300	300

^ Yan Dongming resigned as an independent non-executive director and Dr. Gao Teng was appointed as an independent non-executive director on 5 June 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2022	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Dr. Wang Xinyang*	364,867	12	364,879
Dr. Zhang Yanxia**	126	3	129
Wu Qinyun**	136	3	139
Subtotal	365,129	18	365,147
Non-executive directors:			
Sun Shouhong	—	—	—
Wang Xiaodong	—	—	—
Yang Yi	—	—	—
Han Chengshan**	—	—	—
Subtotal	—	—	—
Total	365,129	18	365,147

Year ended 31 December 2023	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Dr. Wang Xinyang*	1,765	38	1,803
Dr. Zhang Yanxia	1,564	38	1,602
Wu Qinyun	1,765	38	1,803
Subtotal	5,094	114	5,208
Non-executive directors:			
Sun Shouhong***	—	—	—
Gao Jinsong***	—	—	—
Wang Xiaodong	—	—	—
Yang Yi	—	—	—
Subtotal	—	—	—
Total	5,094	114	5,208

Year ended 31 December 2024	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Executive directors:			
Dr. Wang Xinyang*	1,782	44	1,826
Dr. Zhang Yanxia	1,581	44	1,625
Wu Qinyun	1,559	44	1,603
Subtotal	4,922	132	5,054
Non-executive directors:			
Gao Jinsong****	—	—	—
Wang Xiaodong****	—	—	—
Yang Yi	—	—	—
Subtotal	—	—	—
Total	4,922	132	5,054

* Dr. Wang Xinyang is the chief executive during the Relevant Periods.

** Han Chengshan resigned as a non-executive director on 26 December 2022. Dr. Zhang Yanxia and Wu Qinyun were appointed as executive directors on 26 December 2022. The remuneration for the year ended 31 December 2022 included remuneration for the appointment commencement month, say December.

*** Sun Shouhong resigned as a non-executive director and Gao Jinsong was appointed as a non-executive director on 27 December 2023.

**** Gao Jinsong and Wang Xiaodong resigned as non-executive directors and Dr. Chu Hairong and Dr. Xiong Jingying was appointed as non-executive directors on 5 June 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

(c) Supervisors

Year ended 31 December 2022	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Xu Aimin	—	—	—
Zhou Quan	576	37	613
Zhang Shuangcheng*	307	27	334
Liu Nan*	53	3	56
Total	936	67	1,003

Year ended 31 December 2023	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Xu Aimin	—	—	—
Zhou Quan	623	37	660
Liu Nan	702	37	739
Total	1,325	74	1,399

Year ended 31 December 2024	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Xu Aimin	—	—	—
Zhou Quan	664	40	704
Liu Nan	670	40	710
Total	1,334	80	1,414

* Zhang Shuangcheng resigned as a supervisor and Liu Nan was appointed as a supervisor on 26 December 2022. The remuneration for the year ended 31 December 2022 included remuneration for the appointment commencement month, say December.

There was no arrangement under which a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during each of the Relevant Periods included one, nil and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, five and five highest paid employee who is neither a director nor chief executive of the Company during each of the Relevant periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses and allowances	5,365	7,642	10,739
Share-based payments expense	7,695	29,258	33,671
Pension scheme contributions	149	91	120
Total	13,209	36,991	44,530

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
HK$1,500,001 to HK$2,000,000	1	—	—
HK$2,000,001 to HK$2,500,000	1	—	—
HK$4,000,001 to HK$4,500,000	1	—	—
HK$5,000,001 to HK$5,500,000	—	1	—
HK$5,500,001 to HK$6,000,000	—	1	—
HK$6,000,001 to HK$6,500,000	1	—	—
HK$7,000,001 to HK$7,500,000	—	1	—
HK$7,500,001 to HK$8,000,000	—	—	1
HK$8,500,001 to HK$9,000,000	—	—	1
HK$9,000,001 to HK$9,500,000	—	—	1
HK$10,000,001 to HK$10,500,000	—	—	1
HK$10,500,001 to HK$11,000,000	—	1	—
HK$11,500,001 to HK$12,000,000	—	1	—
HK$12,000,001 to HK$12,500,000	—	—	1
Total	4	5	5

During the Relevant Periods, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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

The provision for PRC corporate income tax ("**CIT**") is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The Company, Gpixel Hangzhou and Gpixel Dalian are qualified as High and New Technology Enterprises and were entitled to a preferential income tax rate of 15% during the Relevant Periods, which will expire on 16 October 2026, 24 December 2025 and 12 December 2026, respectively. The Group is renewing the application of qualification of Gpixel Hangzhou and expect that the above companies will continue to be entitled the preferential income tax rate.

According to the "Announcement by the Ministry of Finance, State Taxation Administration, National Development and Reform Commission, and Ministry of Industry and Information Technology on Corporate Income Tax Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry", the Company is qualified as a member of National List of Encouraged Key Integrated Circuit Design Enterprises and exempt from corporate income tax from the first to the fifth year starting from its first profit-making year, then subject to a reduced corporate income tax rate of 10%.

The Company's subsidiary incorporated and operating in Japan was subject to corporation tax at a rate of 23.2% on the taxable income during each of the Relevant Periods.

The Company's subsidiary incorporated and operating in Belgium was subject to corporation tax at a rate of 25% on the taxable income during each of the Relevant Periods.

The major components of income tax expense of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Charge for the year	33,435	25,382	21,984
(Overprovision)/Underprovision in prior years	—	(3,056)	1,235
Deferred tax *(note 28)*	41	(1,682)	635
Total tax charge for the year	33,476	20,644	23,854

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax	(50,623)	190,491	220,836
Tax at the applicable tax rate of 10%	(5,062)	19,049	22,084
Effect of different tax rates for subsidiaries	641	(2,336)	462
Adjustments in respect of current tax of previous periods	—	(3,056)	1,235
Additional deductible allowance for research and development expenses	(6,490)	(11,993)	(10,456)
Expenses not deductible for tax	37,911	7,615	5,394
Deferred tax assets not recognised	6,476	11,365	5,135
Tax charge at the Group's effective tax rate	33,476	20,644	23,854

11. DIVIDENDS

No dividend has been declared or paid by the Company in respect of the Relevant Periods.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods. The weighted average number of ordinary shares outstanding before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:10 upon transformation into a joint stock company in December 2022 (note 29).

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022. No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2024 in respect of a dilution as the impact of options outstanding was not considered since the contingencies of the deemed exercise have not been met.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/earnings			
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(83,148)	174,199	198,675

	Number of shares		
	Year ended 31 December		
	2022	**2023**	**2024**
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	322,879,000	370,000,000	370,000,000

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022								
At 1 January 2022:								
Cost	3,364	1,823	6,629	7,377	1,325	1,683	686	22,887
Accumulated depreciation	(1,397)	(128)	(1,885)	(3,083)	(527)	(786)	—	(7,806)
Net carrying amount	1,967	1,695	4,744	4,294	798	897	686	15,081
At 1 January 2022, net of accumulated depreciation	1,967	1,695	4,744	4,294	798	897	686	15,081
Additions	1,161	—	3,840	1,798	282	840	16,923	24,844
Acquisition of a subsidiary *(note 32)*	30	—	882	9	—	27	2,757	3,705
Disposals	—	—	(26)	(69)	—	(158)	—	(253)
Depreciation provided during the year *(note 6)*	(2,357)	(70)	(972)	(1,274)	(293)	(217)	—	(5,183)
Transfers	16,780	—	965	3	—	7	(17,755)	—
Exchange realignment	(22)	—	17	(6)	2	(20)	—	(29)
At 31 December 2022, net of accumulated depreciation	17,559	1,625	9,450	4,755	789	1,376	2,611	38,165
At 31 December 2022:								
Cost	21,310	1,823	12,022	8,759	1,609	2,050	2,611	50,184
Accumulated depreciation	(3,751)	(198)	(2,572)	(4,004)	(820)	(674)	—	(12,019)
Net carrying amount	17,559	1,625	9,450	4,755	789	1,376	2,611	38,165

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost.	21,310	1,823	12,022	8,759	1,609	2,050	2,611	50,184
Accumulated depreciation .	(3,751)	(198)	(2,572)	(4,004)	(820)	(674)	—	(12,019)
Net carrying amount	17,559	1,625	9,450	4,755	789	1,376	2,611	38,165
At 1 January 2023, net of accumulated depreciation	17,559	1,625	9,450	4,755	789	1,376	2,611	38,165
Additions	890	—	15,009	2,011	405	217	2,922	21,454
Disposals	—	—	(656)	(16)	—	(26)	—	(698)
Depreciation provided during the year *(note 6)* .	(4,817)	(71)	(2,375)	(1,488)	(345)	(286)	—	(9,382)
Transfers	1,993	—	2,613	—	—	—	(4,866)	(260)
Exchange realignment . . .	4	—	34	7	1	(19)	—	27
At 31 December 2023, net of accumulated depreciation	15,629	1,554	24,075	5,269	850	1,262	667	49,306
At 31 December 2023:								
Cost.	24,207	1,823	28,881	10,692	2,017	2,207	667	70,494
Accumulated depreciation .	(8,578)	(269)	(4,806)	(5,423)	(1,167)	(945)	—	(21,188)
Net carrying amount	15,629	1,554	24,075	5,269	850	1,262	667	49,306

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost.	24,207	1,823	28,881	10,692	2,017	2,207	667	70,494
Accumulated depreciation .	(8,578)	(269)	(4,806)	(5,423)	(1,167)	(945)	—	(21,188)
Net carrying amount	15,629	1,554	24,075	5,269	850	1,262	667	49,306
At 1 January 2024, net of accumulated depreciation	15,629	1,554	24,075	5,269	850	1,262	667	49,306
Additions	7	—	5,743	1,262	644	255	6,383	14,294
Disposals	(393)	—	(20)	(10)	(83)	(14)	—	(520)
Depreciation provided during the year *(note 6)* .	(5,369)	(70)	(2,987)	(1,759)	(265)	(323)	—	(10,773)
Transfers	1,914	—	—	126	—	12	(2,628)	(576)
Exchange realignment . . .	(49)	—	(17)	(15)	—	(18)	—	(99)
At 31 December 2024, net of accumulated depreciation	11,739	1,484	26,794	4,873	1,146	1,174	4,422	51,632
At 31 December 2024:								
Cost.	25,403	1,823	34,557	11,787	2,131	2,401	4,422	82,524
Accumulated depreciation .	(13,664)	(339)	(7,763)	(6,914)	(985)	(1,227)	—	(30,892)
Net carrying amount	11,739	1,484	26,794	4,873	1,146	1,174	4,422	51,632

The Company

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022								
At 1 January 2022:								
Cost	1,218	687	6,600	4,392	678	869	686	15,130
Accumulated depreciation	(838)	(78)	(1,832)	(1,773)	(407)	(548)	—	(5,476)
Net carrying amount	380	609	4,768	2,619	271	321	686	9,654
At 1 January 2022, net of accumulated depreciation	380	609	4,768	2,619	271	321	686	9,654
Additions	—	—	3,199	1,217	—	710	15,630	20,756
Disposals	—	—	(26)	(69)	—	(158)	—	(253)
Depreciation provided during the year	(1,761)	(16)	(808)	(700)	(129)	(105)	—	(3,519)
Transfers	16,139	—	177	—	—	—	(16,316)	—
At 31 December 2022, net of accumulated depreciation	14,758	593	7,310	3,067	142	768	—	26,638
At 31 December 2022:								
Cost	17,357	687	9,636	5,206	678	1,099	—	34,663
Accumulated depreciation	(2,599)	(94)	(2,326)	(2,139)	(536)	(331)	—	(8,025)
Net carrying amount	14,758	593	7,310	3,067	142	768	—	26,638

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost.	17,357	687	9,636	5,206	678	1,099	—	34,663
Accumulated depreciation .	(2,599)	(94)	(2,326)	(2,139)	(536)	(331)	—	(8,025)
Net carrying amount	14,758	593	7,310	3,067	142	768	—	26,638
At 1 January 2023, net of accumulated depreciation	14,758	593	7,310	3,067	142	768	—	26,638
Additions	—	—	6,511	1,366	—	5	716	8,598
Disposals	—	—	(516)	—	—	(7)	—	(523)
Depreciation provided during the year.	(3,307)	(16)	(1,496)	(891)	(103)	(144)	—	(5,957)
Transfers	222	—	—	—	—	—	(482)	(260)
At 31 December 2023, net of accumulated depreciation	11,673	577	11,809	3,542	39	622	234	28,496
At 31 December 2023:								
Cost.	17,579	687	15,482	6,552	678	1,080	234	42,292
Accumulated depreciation .	(5,906)	(110)	(3,673)	(3,010)	(639)	(458)	—	(13,796)
Net carrying amount	11,673	577	11,809	3,542	39	622	234	28,496

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost.	17,579	687	15,482	6,552	678	1,080	234	42,292
Accumulated depreciation .	(5,906)	(110)	(3,673)	(3,010)	(639)	(458)	—	(13,796)
Net carrying amount	11,673	577	11,809	3,542	39	622	234	28,496
At 1 January 2024, net of accumulated depreciation	11,673	577	11,809	3,542	39	622	234	28,496
Additions	—	—	5,396	771	338	46	712	7,263
Disposals	—	—	(20)	(10)	(17)	(5)	—	(52)
Depreciation provided during the year.	(3,367)	(18)	(1,540)	(1,057)	(14)	(142)	—	(6,138)
Transfers	302	—	—	18	—	—	(896)	(576)
At 31 December 2024, net of accumulated depreciation	8,608	559	15,645	3,264	346	521	50	28,993
At 31 December 2024:								
Cost.	17,881	687	20,857	7,180	667	1,117	50	48,439
Accumulated depreciation .	(9,273)	(128)	(5,212)	(3,916)	(321)	(596)	—	(19,446)
Net carrying amount	8,608	559	15,645	3,264	346	521	50	28,993

14. LEASES

The Group as a lessee

The Group has lease contracts for items of office used in its operations. Leases of office premises generally have lease terms between 2 and 7 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

	Office premises
	RMB'000
As at 1 January 2022	7,308
Additions	14,780
Termination	(821)
Depreciation provided during the year *(note 6)*	(4,400)
Exchange realignment	115
As at 31 December 2022 and 1 January 2023	16,982
Additions	557
Termination	(660)
Depreciation provided during the year *(note 6)*	(4,795)
Exchange realignment	(423)
As at 31 December 2023 and 1 January 2024	11,661
Additions	2,208
Termination	(2,940)
Increase as a result of lease modifications	4,916
Depreciation provided during the year *(note 6)*	(5,859)
Exchange realignment	(23)
As at 31 December 2024	9,963

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	7,548	17,500	14,993
New leases	14,780	557	2,208
Accretion of interest recognised during the year	549	643	632
Termination	(803)	(636)	(3,259)
Lease modifications	—	—	4,916
Payments	(4,229)	(3,275)	(5,249)
Covid-19-related rent concessions from lessors	(476)	—	—
Exchange realignment	131	204	(124)
Carrying amount at end of year	17,500	14,993	14,117
Analysed into:			
Current portion	3,331	4,273	7,810
Non-current portion	14,169	10,720	6,307

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Lease liabilities repayable:			
Within 1 year	3,331	4,273	7,810
1 to 2 years	3,592	6,878	6,167
2 to 5 years	10,577	3,842	140
Total	17,500	14,993	14,117

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

The Group applied the practical expedient to all eligible COVID-19-related rent concessions granted by the lessors during the period ended 30 June 2022.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	549	643	632
Covid-19-related rent concessions from lessors	(476)	—	—
Depreciation charge of right-of-use assets	4,400	4,795	5,859
Loss/(gain) on termination of leases, net	18	24	(319)
Expenses relating to short-term leases and low-value leases (included in administrative expenses, research and development expenses and selling expenses)	637	756	1,212
Total amount recognised in profit or loss	5,128	6,218	7,384

(d) The total cash outflow for leases is disclosed in note 33 to the Historical Financial Information.

The Company as a lessee

(a) ***Right-of-use assets***

	Office premises
	RMB'000
As at 1 January 2022	1,322
Additions	4,723
Termination	(821)
Depreciation provided during the year	(1,446)
As at 31 December 2022 and 1 January 2023	3,778
Depreciation provided during the year	(944)
As at 31 December 2023 and 1 January 2024	2,834
Increase as a result of lease modifications	609
Depreciation provided during the year	(991)
As at 31 December 2024	2,452

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	1,322	4,907	5,057
New leases	4,723	—	—
Accretion of interest recognised during the year	210	150	184
Termination	(803)	—	—
Lease modifications	—	—	609
Payments	(545)	—	—
Carrying amount at end of year	4,907	5,057	5,850
Analysed into:			
Current portion	—	—	2,109
Non-current portion	4,907	5,057	3,741

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Lease liabilities repayable:			
Within 1 year	—	—	2,109
1 to 2 years	—	2,528	3,741
2 to 5 years	4,907	2,529	—
Total	4,907	5,057	5,850

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

The Group

	Software	Proprietary technology	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	18,491	5,600	—	24,091
Accumulated amortisation	(13,231)	(5,227)	—	(18,458)
Net carrying amount	5,260	373	—	5,633
Cost at 1 January 2022, net of accumulated amortisation	5,260	373	—	5,633
Additions	3,907	—	—	3,907
Acquisition of a subsidiary *(note 32)*	23	—	2,825	2,848
Amortisation provided during the year *(note 6)*	(6,429)	(373)	(175)	(6,977)
Exchange realignment	71	—	—	71
At 31 December 2022, net of accumulated amortisation	2,832	—	2,650	5,482
At 31 December 2022:				
Cost	22,556	5,600	2,825	30,981
Accumulated amortisation	(19,724)	(5,600)	(175)	(25,499)
Net carrying amount	2,832	—	2,650	5,482

	Software	Proprietary technology	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	2,832	—	2,650	5,482
Additions	18,319	—	—	18,319
Amortisation provided during the year *(note 6)*	(10,176)	—	(300)	(10,476)
Exchange realignment	68	—	—	68
At 31 December 2023, net of accumulated amortisation	11,043	—	2,350	13,393
At 31 December 2023:				
Cost	41,583	5,600	2,825	50,008
Accumulated amortisation	(30,540)	(5,600)	(475)	(36,615)
Net carrying amount	11,043	—	2,350	13,393

	Software	Proprietary technology	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	11,043	—	2,350	13,393
Additions	6,686	—	—	6,686
Transfer	576	—	—	576
Amortisation provided during the year *(note 6)*	(11,927)	—	(300)	(12,227)
Exchange realignment	(199)	—	—	(199)
At 31 December 2024, net of accumulated amortisation	6,179	—	2,050	8,229
At 31 December 2024:				
Cost	47,145	5,600	2,825	55,570
Accumulated amortisation	(40,966)	(5,600)	(775)	(47,341)
Net carrying amount	6,179	—	2,050	8,229

The Company

	Software	Proprietary technology	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2022			
At 1 January 2022:			
Cost	5,022	5,600	10,622
Accumulated amortisation	(1,936)	(5,227)	(7,163)
Net carrying amount	3,086	373	3,459
Cost at 1 January 2022, net of accumulated amortisation	3,086	373	3,459
Additions	40	—	40
Amortisation provided during the year	(909)	(373)	(1,282)
At 31 December 2022, net of accumulated amortisation	2,217	—	2,217
At 31 December 2022:			
Cost	5,062	5,600	10,662
Accumulated amortisation	(2,845)	(5,600)	(8,445)
Net carrying amount	2,217	—	2,217

	Software	Proprietary technology	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	2,217	—	2,217
Additions	3,229	—	3,229
Amortisation provided during the year	(2,605)	—	(2,605)
At 31 December 2023, net of accumulated amortisation	2,841	—	2,841
At 31 December 2023:			
Cost	8,292	5,600	13,892
Accumulated amortisation	(5,451)	(5,600)	(11,051)
Net carrying amount	2,841	—	2,841

	Software	Proprietary technology	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	2,841	—	2,841
Additions	5,289	—	5,289
Transfer	575	—	575
Amortisation provided during the year	(4,558)	—	(4,558)
At 31 December 2024, net of accumulated amortisation	4,147	—	4,147
At 31 December 2024:			
Cost	14,155	5,600	19,755
Accumulated amortisation	(10,008)	(5,600)	(15,608)
Net carrying amount	4,147	—	4,147

16. INVESTMENT IN ASSOCIATES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	8,362	6,785	11,443

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' loss for the year	(5,654)	(2,371)	(2,243)
Share of the associates' total comprehensive loss	(5,695)	(2,295)	(2,271)
Aggregate carrying amount of the Group's investment in the associates	8,362	6,785	11,443

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	6,545	5,696	11,220

The following table illustrates the aggregate financial information of the Company's associates that are not individually material:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' loss and total comprehensive loss for the year	(3,252)	(1,237)	(1,454)
Aggregate carrying amount of the Group's investment in the associates	6,545	5,696	11,220

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income			
[REDACTED] equity investments, at fair value			
Changchun Changguang Zhengyuan Microelectronics Technology Co., Ltd. ("**Changguang Zhengyuan**")	26,000	65,000	65,000
Changchun Changguang Yuanchen Microelectronics Technology Co., Ltd. ("**Changguang Yuanchen**")	8,386	8,386	10,239
Shanghai Yukan Technology Co., Ltd. ("**Shanghai Yukan**")	1,500	1,500	2,190
Changchun Changguang Qichen Technology Co., Ltd. ("**Changguang Qichen**")	1,000	1,000	1,000
Total	36,886	75,886	78,429

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. INVENTORIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	107,651	94,609	42,358
Work in progress	72,605	83,043	56,569
Finished goods	63,393	110,874	116,361
Costs to fulfil a contract	60,120	84,617	71,393
Total	303,769	373,143	286,681

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	80,289	73,072	26,251
Work in progress	77,023	91,849	64,424
Finished goods	63,211	113,406	119,090
Costs to fulfil a contract	26,512	25,612	9,148
Total	247,035	303,939	218,913

19. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	107,637	117,555	186,156
Notes receivable	6,141	159	3,744
	113,778	117,714	189,900
Impairment	(1,079)	(3,030)	(5,154)
Net carrying amount	112,699	114,684	184,746

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 60 days depending on the specific payment terms in each contract. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Since the Group only trades with recognised customers with good credit standing, no guarantee is required.

As at 31 December 2022, 2023 and 2024, the Group was exposed to certain credit risk concentration, as 67.7%, 70.1% and 52.7% of accounts receivables are from top five customers. The Group does not hold any security or other credit increment over the balances of accounts receivable. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables were trade receivables of RMB32,094,000, RMB39,880,000 and RMB42,380,000 as at 31 December 2022, 2023 and 2024, respectively, due from the Group's related parties, which were repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	107,563	77,650	145,542
6 to 12 months	74	34,736	15,875
1 to 2 years	—	5,169	23,661
2 to 3 years	—	—	1,078
Total	107,637	117,555	186,156

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	496	1,079	3,030
Impairment losses, net	581	1,948	2,128
Exchange realignment	2	3	(4)
At end of year	1,079	3,030	5,154

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December 2022		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 6 months	107,563	1.00%	1,075
6 to 12 months	74	5.00%	4
Total	107,637	1.00%	1,079

	As at 31 December 2023		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 6 months	77,650	1.00%	776
6 to 12 months	34,736	5.00%	1,737
1 to 2 years	5,169	10.00%	517
Total	117,555	2.58%	3,030

	As at 31 December 2024		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 6 months	145,542	1.00%	1,455
6 to 12 months	15,875	5.00%	794
1 to 2 years	23,661	10.00%	2,366
2 to 3 years	1,078	50.00%	539
Total	186,156	2.77%	5,154

The Group's notes receivable were all aged within one year and were neither past due nor impaired.

At the end of each of the Relevant Periods, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB614,000, RMB556,000 and RMB1,159,000 as at 31 December 2022, 2023 and 2024, respectively (the "**Endorsement**"). In addition, the Group discounted certain notes receivable (the "**Discounted Notes**") with carrying amounts in aggregate of RMB12,108,000, RMB50,456,000 and RMB33,103,000 as at 31 December 2022, 2023 and 2024, respectively (the "**Discount**"). The above Discounted Notes included bank acceptance bills of RMB12,108,000, RMB50,456,000 and RMB33,103,000 as at 31 December 2022, 2023 and 2024, respectively. The Endorsed Notes and the Discounted Notes had a maturity within six months as at 31 December 2022, 2023 and 2024. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes may exercise the right of recourse against any, several or all of the persons liable for the Endorsed Notes and Discounted Notes, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**").

The Group has transferred substantially all risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with amounts of RMB614,000, RMB556,000 and RMB1,159,000 as at 31 December 2022, 2023 and 2024, respectively, and the Discounted Notes accepted by large and reputable banks with amounts of RMB10,608,000, RMB50,456,000 and RMB33,103,000 as at 31 December 2022, 2023 and 2024, respectively (the "**Derecognised Notes**"). The risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables settled by the Endorsed Notes. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. The fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant. During the Relevant Periods, the Group recognised the interest expense on the Discounted Notes amounting to RMB85,000, RMB729,000 and RMB236,000, respectively. No gains or losses were recognised from the Continuing Involvement. The Endorsement and Discount have been made evenly throughout the year.

The Group continued to recognise the remaining Discounted Notes with amounts of RMB1,500,000, nil and nil as at 31 December 2022, 2023 and 2024, respectively, because the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Discounted Notes. Subsequent to the Discount, the Group did not retain any rights on the use of such Discounted Notes, including the sale, transfer or pledge of such Discounted Notes to any other third parties.

As at 31 December 2022, 2023 and 2024, notes receivable of RMB4,641,000, RMB159,000 and RMB3,744,000, respectively, whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant during the Relevant Periods.

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	55,782	73,719	116,652
Notes receivable	1,500	7,159	10,484
	57,282	80,878	127,136
Impairment	(561)	(2,582)	(4,430)
Net carrying amount	56,721	78,296	122,706

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	55,708	34,058	76,471
6 to 12 months	74	34,493	15,685
1 to 2 years	—	5,168	23,418
2 to 3 years	—	—	1,078
Total	55,782	73,719	116,652

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	235	561	2,582
Impairment losses, net	326	2,021	1,848
At end of year	561	2,582	4,430

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing). The calculation reflects the probability- weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	As at 31 December 2022		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 6 months	55,708	1.00%	557
6 to 12 months	74	5.00%	4
Total	55,782	1.01%	561

	As at 31 December 2023		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 6 months	34,058	1.00%	340
6 to 12 months	34,493	5.00%	1,725
1 to 2 years	5,168	10.00%	517
Total	73,719	3.50%	2,582

	As at 31 December 2024		
	Gross carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 6 months	76,471	1.00%	765
6 to 12 months	15,685	5.00%	784
1 to 2 years	23,418	10.00%	2,342
2 to 3 years	1,078	50.00%	539
Total	116,652	3.80%	4,430

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	2,785	8,886	9,952
Prepayments for property, plant and equipment and other assets	14,470	454	1,259
Deposits and other receivables	6,348	7,015	4,061
Deductible input value-added tax	7,891	12,769	6,949
Total	31,494	29,124	22,221
Analysed into:			
Current portion	17,024	28,670	20,962
Non-current portion	14,470	454	1,259

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	1,373	5,459	4,625
Prepayments for property, plant and equipment and other assets	3,153	386	1,180
Deposits and other receivables	1,517	3,333	1,138
Deductible input value-added tax	2,113	1,578	—
Total	8,156	10,756	6,943
Analysed into:			
Current portion	5,003	10,370	5,763
Non-current portion	3,153	386	1,180

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
[REDACTED] equity investments, at fair value	15,127	15,127	18,700
Other **[REDACTED]** investments, at fair value	19,961	90,625	100,894
Total	35,088	105,752	119,594
Analysed into:			
Current	19,961	90,625	100,894
Non-current	15,127	15,127	18,700

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above other **[REDACTED]** investments were structured deposits and a financial product issued by banks in Mainland China with a maturity period within one year. The fair values of the financial assets approximate to their costs plus expected interest. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
[REDACTED] equity investments, at fair value	15,127	15,127	18,700
Other **[REDACTED]** investments, at fair value	19,961	65,292	50,518
Total	35,088	80,419	69,218
Analysed into:			
Current	19,961	65,292	50,518
Non-current	15,127	15,127	18,700

22. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	300,302	91,980	405,151
Time deposits	153,726	438,730	309,782
Subtotal	454,028	530,710	714,933
Less:			
Restricted cash	933	3,278	2,167
Time deposits with original maturity of over three months when acquired	153,726	434,719	309,782
Cash and cash equivalents	299,369	92,713	402,984

Time deposits are classified as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Time deposits at amortised cost	153,726	322,431	20,172
Time deposits at fair value through other comprehensive income	—	112,288	289,610
Subtotal	153,726	434,719	309,782

The cash and cash equivalents and restricted cash are denominated in the following currencies:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents denominated in:			
RMB	223,198	61,446	377,550
United States dollar ("**US$**")	14,979	22,839	20,005
European dollar ("**EUR**")	24,298	3,678	1,932
Japanese Yen ("**JPY**")	36,890	4,746	3,495
Others	4	4	2
Total	299,369	92,713	402,984
Restricted cash denominated in:			
RMB	—	3,071	1,650
JPY	738	—	—
EUR	195	207	447
US$	—	—	70
Total	933	3,278	2,167

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on a daily basis. The bank balances and restricted cash are deposited with creditworthy banks with no history of default and with low credit risk.

As at 31 December 2022, 2023 and 2024, restricted cash of RMB933,000, RMB3,278,000 and RMB2,167,000 had been pledged for letter of credits, currency options, bank bill acceptance and leases.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	110,625	26,421	140,311
Time deposits	103,549	171,200	246,802
Subtotal	214,174	197,621	387,113
Less:			
Restricted cash	738	—	—
Deposits with original maturity of over three months when acquired	103,549	171,200	246,802
Cash and cash equivalents	109,887	26,421	140,311

Time deposits are classified as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Time deposits at amortised cost	103,549	150,998	20,172
Time deposits at fair value through other comprehensive income	—	20,202	226,630
Subtotal	103,549	171,200	246,802

The cash and cash equivalents and restricted cash are denominated in the following currencies:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents denominated in:			
RMB	66,333	19,886	135,034
US$	5,249	6,535	3,998
EUR	15,371	—	1,279
JPY	22,934	—	—
Total	109,887	26,421	140,311
Restricted cash denominated in:			
JPY	738	—	—

23. TRADE AND NOTES PAYABLES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	25,906	62,185	27,401
Notes payables	—	—	2,933
Net carrying amount	25,906	62,185	30,334

An ageing analysis of the trade and notes payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	25,584	60,513	24,526
1 to 2 years	322	1,354	5,175
2 to 3 years	—	318	503
Over 3 years	—	—	130
Total	25,906	62,185	30,334

The trade payables are non-interest-bearing and generally the credit terms range from 30 to 60 days.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	21,499	58,294	20,232
1 to 2 years	322	1,354	5,047
2 to 3 years	—	318	503
Over 3 years	—	—	130
Total	21,821	59,966	25,912

24. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	*(a)*	119,259	120,727	82,577
Other payables and accruals	*(b)*	114,719	115,260	104,388
Taxes payable other than corporate income tax		2,191	4,237	7,808
Payroll payable		15,376	19,848	24,161
Deferred income		2,130	898	2,218
Total		253,675	260,970	221,152
Analysed into:				
Current portion		103,170	121,189	91,753
Non-current portion		150,505	139,781	129,399

Notes:

(a) Details of contract liabilities are as follows:

	As at 1 January	As at 31 December		
	2022	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers				
High-performance CMOS image sensors	58,266	18,147	20,520	15,161
Customised sensor solutions	84,023	101,112	100,207	67,416
Total	142,289	119,259	120,727	82,577

Contract liabilities include advances received to deliver products and provide customised sensor solutions. The decrease in contract liabilities in 2022 was mainly due to the decrease in advances received from customers in relation to the sales of products at 31 December 2022. Contract liabilities remained relatively stable as of December 31, 2023 and 2022. The decrease in contract liabilities in 2024 was mainly due to the decrease in advances received from customers in relation to the customised sensor solutions at 31 December 2024.

(b) Other payables are unsecured and non-interest-bearing.

In December 2022, Gpixel Hangzhou entered into a Capital Increase Agreement and Shareholders' Agreement with Zhejiang Province Industrial Fund Co., Ltd. ("**Zhejiang Industrial Fund**"). Under these agreements, Zhejiang Industrial Fund invested RMB100,000,000 to subscribe RMB1,250,000 of newly increased registered capital of Gpixel Hangzhou.

According to the terms, Gpixel Hangzhou or its designated third party, as the repurchaser, is required to repurchase the minority equity held by Zhejiang Industrial Fund and repay the RMB100,000,000 to Zhejiang Industrial Fund. If the Group can fulfil certain conditions such as talents and innovation set by local government and repurchase the equity in certain years, the Group will bear no any interests.

The Company

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	*(a)*	62,122	59,167	32,962
Other payables and accruals	*(b)*	1,931	4,227	3,234
Taxes payable other than corporate income tax		1,692	3,571	7,144
Payroll payable		7,108	9,059	10,750
Deferred income		1,930	898	1,272
Total		74,783	76,922	55,362
Analysed into:				
Current portion		63,550	67,314	54,090
Non-current portion		11,233	9,608	1,272

Notes:

(a) Details of contract liabilities are as follows:

	As at 1 January	**As at 31 December**		
	2022	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers				
High-performance CMOS image sensors	58,313	16,092	17,142	13,959
Customised sensor solutions	58,963	46,030	42,025	19,003
Total	117,276	62,122	59,167	32,962

(b) Other payables and accruals are unsecured and non-interest-bearing.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2024
	Liabilities
	RMB'000
Options for foreign currency	199

26. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	Effective interest rate (%)	Maturity	31 December 2022
			RMB'000
Current			
Discounted notes — secured *(note a)*	1.20	2023	1,500

	Effective interest rate (%)	Maturity	31 December 2023
			RMB'000
Current			
Interest-bearing bank loans — unsecured	1.30	2024	2,000

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Discounted notes repayable:			
Within one year	1,500	—	—
Interest-bearing bank loans:			
Within one year	—	2,000	—
Total	1,500	2,000	—

27. PROVISION

The Group and the Company

	Warranties
	RMB'000
At 1 January 2022	1,785
Additional provision	2,798
Amounts utilised/reversed during the year	(1,785)
At 31 December 2022 and 1 January 2023	2,798
Additional provision	2,525
Amounts utilised/reversed during the year	(2,798)
At 31 December 2023 and 1 January 2024	2,525
Additional provision	2,553
Amounts utilised/reversed during the year	(2,525)
At 31 December 2024	2,553

The Group provides warranties to its customers on certain of its products for general repairs and replacement of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and replacement. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

28. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of trade receivables	Impairment of inventories	Unrealised profits from inter-company transactions	Lease liabilities	Provision	Deferred income	Changes in fair value of financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	23	1,379	743	1,429	178	386	—	4,138
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	33	(184)	84	1,343	102	(193)	4	1,189
At 31 December 2022 and 1 January 2023	56	1,195	827	2,772	280	193	4	5,327
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	202	1,098	437	(581)	(27)	(105)	(4)	1,020
At 31 December 2023 and 1 January 2024	258	2,293	1,264	2,191	253	88	—	6,347
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	185	(172)	(425)	(76)	2	39	—	(447)
At 31 December 2024	443	2,121	839	2,115	255	127	—	5,900

Deferred tax liabilities

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at fair value through other comprehensive income	Investment with technology	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	—	—	906	1,429	2,335
Deferred tax charged to profit or loss during the year *(note 10)*	—	—	—	1,230	1,230
At 31 December 2022 and 1 January 2023.	—	—	906	2,659	3,565
Deferred tax charged/(credited) to profit or loss during the year . . .	29	—	—	(691)	(662)
At 31 December 2023 and 1 January 2024.	29	—	906	1,968	2,903
Deferred tax charged/(credited) to profit or loss during the year . . .	381	254	—	(193)	442
At 31 December 2024	410	254	906	1,775	3,345

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	1,762	3,444	2,555
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	15,663	19,342	21,635
Tax losses	44,539	107,625	129,781
Total	60,202	126,967	151,416

The Group has tax losses arising in Mainland China of RMB44,539,000, RMB107,625,000 and RMB129,781,000 as at 31 December 2022, 2023 and 2024, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Company

Deferred tax assets

	Impairment of trade receivables	Impairment of inventories	Lease liabilities	Provision	Deferred income	Changes in fair value of financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	23	1,379	87	178	386	—	2,053
Deferred tax credited/(charged) to profit or loss during the year	33	(145)	404	102	(193)	4	205
At 31 December 2022 and 1 January 2023	56	1,234	491	280	193	4	2,258
Deferred tax credited/(charged) to profit or loss during the year	202	1,096	15	(27)	(105)	(4)	1,177
At 31 December 2023 and 1 January 2024	258	2,330	506	253	88	—	3,435
Deferred tax credited/(charged) to profit or loss during the year	185	(136)	79	2	39	—	169
At 31 December 2024	443	2,194	585	255	127	—	3,604

The Company

Deferred tax liabilities

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at fair value through other comprehensive income	Investment with technological achievements	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	—	—	906	87	993
Deferred tax charged to profit or loss during the year	—	—	—	291	291
At 31 December 2022 and 1 January 2023	—	—	906	378	1,284
Deferred tax charged/(credited) to profit or loss during the year	29	—	—	(95)	(66)
At 31 December 2023 and 1 January 2024	29	—	906	283	1,218
Deferred tax charged/(credited) to profit or loss during the year	381	254	—	(38)	597
At 31 December 2024	410	254	906	245	1,815

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	974	2,217	1,789
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

29. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Authorised:			
Ordinary shares with par value of RMB1.00 each	370,000	370,000	370,000
Issued and fully paid:			
Ordinary shares with par value of RMB1.00 each	370,000	370,000	370,000

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

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2022	—	—
Issue of ordinary shares upon conversion into a joint stock company *(note a)*	370,000,000	370,000
At 31 December 2022, 2023 and 2024	370,000,000	370,000

Paid-in capital

	Total
	RMB'000
At 1 January 2022	28,450
Paid-in capital received	8,550
Conversion into a joint stock company *(note a)*	(37,000)
At 31 December 2022	—

Note:

(a) On 16 December 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, other reserves and retained profits, amounting to RMB595,760,000 were converted into 370,000,000 ordinary shares of RMB1.00 each. The excess of the net assets of RMB225,760,000 converted over the nominal value of the ordinary shares was credited to the Company's share premium.

30. SHARE-BASED PAYMENTS

Employee shareholding plan

On 21 July 2021, the board of directors of the Company adopted an employee shareholding plan ("**Employee Shareholding Plan**"), which was then supplemented on 24 October 2022 and further amended and approved on 5 June 2025, to incentivise employees by indirectly holding the Company's shares through employee shareholding platforms at the authorisation of the shareholders of the Company. The shares underlying the Employee Shareholding Plan were held by two direct shareholding platforms Zhuhai Yunchen Qixin Investment Partnership Enterprise (Limited Partnership) ("**Zhuhai Yunchen**") and Zhuhai Xuchen Qixin Investment Partnership Enterprise (Limited Partnership) ("**Zhuhai Xuchen**"), holding 52,800,000 shares and 22,200,000 shares of the Company after the Conversion into a joint stock company, respectively.

From July 2021 to October 2022, total 7,500,000 shares of the Company before the conversion into a joint stock company were all granted to certain of directors, senior management and employees of the Group at total consideration of RMB124,050,000. Pursuant to the terms of shareholding agreements, 5,787,000 shares were granted and vested; 1,713,000 shares can be exercisable after 36 months from the date the Company being **[REDACTED]** (the "**[REDACTED] Period**") and shall exercise in installment of 20%, 20%, 15%, 15%, 10%, 10% and 10% each year after the **[REDACTED]** Period. Employees should remain employment during the excercise periods or 5 years. The **[REDACTED]** Period was approved to shorten to 12 months from the date the Company being **[REDACTED]** and the exercise period amended to in installment of 5%, 5%, 10%, 20%, 15%, 15%, 10%, 10% and 10% each year after the **[REDACTED]** Period in June 2025.

The following shares were outstanding under the employee shareholding plan during the Relevant Periods:

	Number of shares
At 1 January 2022	739,000
Granted during the year	2,405,000
Vested during the year	1,431,000
Conversion into a joint stock company	15,417,000
At 31 December 2022,2023 and 2024	17,130,000

The fair values of the shares granted were estimated as at the grant date by an external valuer using the discount cash flow method or using the recent market transaction value.

Share option scheme

On 16 June 2023, the board of directors of the Company approved the establishment a share option scheme (the "**[REDACTED] Share Option Scheme**"), which was further amended and approved on 5 June 2025, to attract and retain outstanding talents and motivate the management and employees. The maximum number of shares that maybe issued under this option scheme shall be 6,173,000 ordinary shares. The share option scheme shall be valid and effective for the period of from 20 June 2023.

Total 6,173,000 shares under the share option scheme were granted to 23 employees and three connected persons with 573,000 shares and 5,600,000 shares, respectively at the exercise price of RMB 10 per share on 20 June 2023 (the "**Grant Date**"). The share options can be exercisable after the later of (1) the date before the first **[REDACTED]** day after 20 months from the Grant Date, and (2) the Company being **[REDACTED]** and the employees shall satisfy certain performance targets. The Company has right to repurchase the exercised shares at lower price if the employees resign in the five years after the Grant Date, which was further extended to seven years in June 2025.

Subject to the satisfaction of the vesting conditions, the employees can exercise the options in instalments under the following arrangement:

(1) the first exercise period: 50% of exercisable numbers of share options from the first vesting date after the vesting period until the last **[REDACTED]** day within 22 months after the vesting period; and

(2) the second exercise period: 50% of exercisable numbers of share options from first **[REDACTED]** day after the first exercise period until the last **[REDACTED]** day within 39 months after the vesting period, which was further shortened to from first trading day after the first exercise period until the last **[REDACTED]** day within 29 months after the vesting period.

The following shares were outstanding under the share option scheme during the Relevant Periods:

	Number of option	**Exercise price**
		RMB yuan
At 1 January 2023	—	—
Granted during the year	6,173,000	10
At 31 December 2023 and 2024	6,173,000	10

The fair value of equity-settled share options granted during the Relevant Periods was estimated as at the Grant Date based on the market transaction price and using binomial model with the following assumptions used:

Expected volatility	61.87%/62.85%
Risk-free interest rate	2.37%/2.46%
Exercise multiple	2.8
Expected forfeiture rate	0%
Expected life of options	3.5 years/4.9 years

During the years ended 31 December 2022, 2023 and 2024, the Group recognised share-based payments expense of RMB377,324,000, RMB52,877,000 and RMB52,252,000, respectively.

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Equity reserves

Equity reserves of the Group mainly represents share premium arising from issue of shares at a price in excess of their par value. Share premium of the Company represent the share premium contributed by the shareholders of the Company upon its conversion into a joint stock company in December 2022. Share option/award reserve transfers to share premium upon the vesting. The excess of the consideration paid by the Company over the carrying amount of non-controlling interests acquired with amount of RMB14,169,000 in December 2022 was deducted from equity reserves.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to its statutory surplus reserve until the reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to registered capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

On 16 December 2022, statutory surplus reserve of RMB14,750,000 was converted into share capital (note 29).

On 16 December 2022, other reserve of RMB6,866,000 was converted into share capital (note 29).

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the Historical Financial Information of entities of which the functional currency is not RMB.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as below:

	Capital reserve	Equity reserves	Share option/ award reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	275,320	6,586	1,926	—	14,750	25,851	324,433
Loss for the year	—	—	—	—	—	(74,772)	(74,772)
Capital injection from shareholders	117,100	—	—	—	—	—	117,100
Equity-settled share-based payments arrangement	—	—	377,324	—	—	—	377,324
Transfer of share option/award reserve upon vesting	363,087	—	(363,087)	—	—	—	—
Conversion into a joint stock company	(755,507)	577,226	(4,731)	—	(14,750)	(135,238)	(333,000)
Others	—	1,637	—	—	—	—	1,637
At 31 December 2022 and 1 January 2023	—	585,449	11,432	—	—	(184,159)	412,722
Profit for the year	—	—	—	—	—	204,771	204,771
Equity-settled share-based payments arrangement	—	—	52,877	—	—	—	52,877
Transfer to statutory surplus reserve	—	—	—	—	2,061	(2,061)	—
Others	—	388	—	—	—	—	388
At 31 December 2023 and 1 January 2024	—	585,837	64,309	—	2,061	18,551	670,758
Profit for the year	—	—	—	—	—	207,820	207,820
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	2,289	—	—	2,289
Equity-settled share-based payments arrangement	—	—	52,252	—	—	—	52,252
Transfer to statutory surplus reserve	—	—	—	—	20,782	(20,782)	—
Others	—	(22)	—	—	—	—	(22)
At 31 December 2024	—	585,815	116,561	2,289	22,843	205,589	933,097

32. BUSINESS COMBINATION

On 30 October 2020, the Group set up an associate, Changguang Yuanxin, with other parties to provide packing service for CMOS image sensors. The Group's shareholding in Changguang Yuanxin was 50.98%.

Given the Group's experience, in CMOS image sensor industry and its strategy to enhance CMOS image sensor industry's supply chain, the Company negotiated with other shareholders to change the governance structure. On 1 June 2022, Changguang Yuanxin amended its articles of association and signed a supplementary agreement to the investment contract. The Group appointed four new personnel as directors to Changguang Yuanxin and can control the shareholder's meeting and board of directors of Changguang Yuanxin. Changguang Yuanxin since became a subsidiary of the Group at no consideration.

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

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	3,705
Other intangible assets	*15*	2,848
Cash and bank balances		17,380
Inventories		80
Prepayments and other receivables		1,441
Trade payables		(49)
Accruals and other payables		(587)
Total identifiable net assets at fair value		24,818
Non-controlling interests		(12,166)
Satisfied by investment in an associate		12,652

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

	RMB'000
Cash consideration	—
Cash and bank balances acquired	17,380
Net inflow of cash and cash equivalents included in cash flows from investing activities	17,380

Since the acquisition, Changguang Yuanxin contributed nil to the Group's revenue and RMB2,783,000 to the consolidated loss for the year ended 31 December 2022.

Had the combination taken place at the beginning of the year ended 31 December 2022, the revenue of the Group and the loss of the Group for the year ended 31 December 2022 would have been RMB604,407,000 and RMB84,707,000, respectively.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,780,000, RMB557,000 and RMB2,208,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Bank and other loans	Lease liabilities	Other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	—	7,548	—
Changes from financing cash flows	1,489	(4,229)	100,000
Covid-19-related rent concessions from lessors	—	(476)	—
New leases	—	14,780	—
Interest expense accrued	11	549	—
Effect of foreign exchange rate changes	—	131	—
Termination of redemption liabilities	—	(803)	—
At 31 December 2022 and 1 January 2023	1,500	17,500	100,000
Changes from financing cash flows	487	(3,275)	—
New leases	—	557	—
Interest expense accrued	13	643	—
Effect of foreign exchange rate changes	—	204	—
Termination of redemption liabilities	—	(636)	—
At 31 December 2023 and 1 January 2024	2,000	14,993	100,000
Changes from financing cash flows	(2,045)	(5,249)	—
Lease modifications	45	4,916	—
New leases	—	2,208	—
Interest expense accrued	—	632	—
Effect of foreign exchange rate changes	—	(124)	—
Termination of redemption liabilities	—	(3,259)	—
At 31 December 2024	—	14,117	100,000

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities.	637	756	1,212
Within financing activities.	4,229	3,275	5,249
Total	4,866	4,031	6,461

34. COMMITMENTS

At the end of the reporting period, the Group did not have any significant contractual commitments.

35. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Beijing Haomo Technology Co., Ltd. ("**Beijing Haomo**")	An associate
Changguang Yuanxin *(note (a))*.	A joint venture
Changguang Yuanchen *(note (b))*.	An associate
Group A	A shareholder's controlling shareholder and three entities ultimately controlled by the shareholder
Changchun UP Optotech Co., Ltd. ("**UP OPTOTECH Group**")	A shareholder and one entity controlled by the same shareholder
LUSTER LightTech Co., LTD. ("**Luster Group**") *(note (c))*	A shareholder and two entities ultimately controlled by the shareholder

Notes:

(a) Changguang Yuanxin was a set-up associate of the Group and subsequently became a subsidiary on 10 June 2022 (note 32).

(b) Changguang Yuanchen was a set-up associate of the Group and subsequently became an equity investment designated at fair value through other comprehensive income on June 2022.

(c) Beijing LUSTER LightTech Co., Ltd. was a subsidiary of Luster Group from 2020 to March 2023 and was not a related party since March 2023.

(a) The Group had the following transactions with related parties during the Relevant Periods:

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Sales of products to:				
Group A	*(i)*	114,370	42,109	31,865
Luster Group	*(i)*	8,375	4,958	5,960
Changguang Yuanxin	*(i)*	29	N/A	N/A
Beijing Haomo	*(i)*	N/A	N/A	31
		122,774	47,067	37,856
Providing services to:				
Group A	*(i)*	22,123	68,009	8,081
Purchases of products from:				
Group A	*(ii)*	15	15	—
Changguang Yuanchen	*(ii)*	3	—	—
		18	15	—
Purchase of services from:				
Group A	*(ii)*	551	3	11
Rental paid to:				
Group A	*(iii)*	531	—	641

Notes:

(i) The sales to related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.

(iii) The rental paid to related parties were charged with reference to prices mutually agreed between the parties.

Including sales products to UP OPTOTECH Group of RMB967,000, RMB110,000 and RMB224,000 and providing provision service to UP OPTOTECH Group of nil, nil and RMB2,798 during the years ended 31 December, 2022, 2023 and 2024.

The related party transactions in respect items sales of product to UP OPTOTECH Group and Luster Group and providing services to UP OPTOTECH Group also constitute connected transactions as defined in Chapter 14A of Listing Rules.

(b) Outstanding balances with related parties:

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Trade receivables (trade):				
Group A		31,809	39,407	41,159
Luster Group	*(i)*	285	473	1,221
		32,094	39,880	42,380
Contract liabilities (trade):				
Group A		43,747	9,684	5,916
Luster Group		1,221	1,016	—
		44,968	10,700	5,916

Notes:

(i) As at 31 December 2022, 2023 and 2024, the Group's outstanding balances with related parties are unsecured, interest-free and repayable on demand.

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

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	3,527	6,890	7,054
Share-based payments expense	364,134	9,342	6,784
Pension scheme contributions	121	226	256
Total compensation paid to key management personnel	367,782	16,458	14,094

Further details of directors' and the supervisors' emoluments are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	36,886	—	36,886
Financial assets at fair value through profit and loss	35,088	—	—	—	35,088
Trade and notes receivables	—	4,641	—	108,058	112,699
Financial assets include in prepayments, other receivables and other assets	—	—	—	6,348	6,348
Restricted cash	—	—	—	933	933
Cash and cash equivalents	—	—	—	299,369	299,369
Time deposits	—	—	—	153,726	153,726
Total	35,088	4,641	36,886	568,434	645,049

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	25,906
Financial liabilities included in other payables and accruals	114,719
Interest-bearing bank borrowings	1,500
Lease liabilities	17,500
Total	159,625

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	75,886	—	75,886
Financial assets at fair value through profit and loss	105,752	—	—	—	105,752
Trade and notes receivables	—	159	—	114,525	114,684
Financial assets include in prepayments, other receivables and other assets	—	—	—	7,015	7,015
Restricted cash	—	—	—	3,278	3,278
Cash and cash equivalents	—	—	—	92,713	92,713
Time deposits	—	112,288	—	322,431	434,719
Total	105,752	112,447	75,886	539,962	834,047

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	62,185
Financial liabilities included in other payables and accruals	115,260
Interest-bearing bank borrowings	2,000
Lease liabilities	14,993
Total	194,438

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	78,429	—	78,429
Financial assets at fair value through profit and loss	119,594	—	—	—	119,594
Trade and notes receivables	—	3,744	—	181,002	184,746
Financial assets include in prepayments, other receivables and other assets	—	—	—	4,061	4,061
Restricted cash	—	—	—	2,167	2,167
Cash and cash equivalents	—	—	—	402,984	402,984
Time deposits	—	289,610	—	20,172	309,782
Total	119,594	293,354	78,429	610,386	1,101,763

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Held for trading	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	—	30,334	30,334
Financial liabilities included in other payables and accruals	—	104,388	104,388
Derivative financial instruments	199	—	199
Lease liabilities	—	14,117	14,117
Total	199	148,839	149,038

The Company

31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	36,886	—	36,886
Financial assets at fair value through profit and loss	35,088	—	—	—	35,088
Trade and notes receivables	—	—	—	56,721	56,721
Financial assets include in prepayments, other receivables and other assets	—	—	—	1,517	1,517
Due from subsidiaries	—	—	—	174,054	174,054
Restricted cash	—	—	—	738	738
Cash and cash equivalents	—	—	—	109,887	109,887
Time deposits	—	—	—	103,549	103,549
Total	35,088	—	36,886	446,466	518,440

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	21,821
Financial liabilities included in other payables and accruals	1,146
Interest-bearing bank borrowings	1,500
Due to subsidiaries	9,080
Lease liabilities	4,907
Total	38,454

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	75,886	—	75,886
Financial assets at fair value through profit and loss	80,419	—	—	—	80,419
Trade and notes receivables	—	159	—	78,137	78,296
Financial assets include in prepayments, other receivables and other assets	—	—	—	3,333	3,333
Due from subsidiaries	—	—	—	306,779	306,779
Cash and cash equivalents	—	—	—	26,421	26,421
Time deposits	—	20,202	—	150,998	171,200
Total	80,419	20,361	75,886	565,668	742,334

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	59,966
Financial liabilities included in other payables and accruals	3,244
Interest-bearing bank borrowings	2,000
Due to subsidiaries	2,867
Lease liabilities	5,057
Total	73,134

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Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Mandatorily designated as such	Debt investments	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	78,429	—	78,429
Financial assets at fair value through profit and loss	69,218	—	—	—	69,218
Trade and notes receivables	—	484	—	122,222	122,706
Financial assets include in prepayments, other receivables and other assets	—	—	—	1,138	1,138
Due from subsidiaries	—	—	—	71,691	71,691
Cash and cash equivalents	—	—	—	140,311	140,311
Time Deposits	—	226,630	—	20,172	246,802
Total	69,218	227,114	78,429	355,534	730,295

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	25,912
Financial liabilities included in other payables and accruals	1,541
Due to subsidiaries	13,376
Lease liabilities	5,850
Total	46,679

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits at amortised cost, trade receivables, notes receivables at amortised cost, the current portion of financial assets included in prepayments, other receivables and other assets, trade and notes payables, the current portion of financial liabilities included in other payables and accruals, the current portion of lease liabilities, amounts due from/to subsidiaries and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the notes receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the end of each of the Relevant Periods have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within one year, and thus their fair values approximate to their carrying values.

The Group invests in **[REDACTED]** investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair values of these **[REDACTED]** investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the time deposits classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the end of each of the Relevant Periods have been calculated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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

For the fair value of the **[REDACTED]** equity investments at fair value through other comprehensive income and the **[REDACTED]** equity investments at fair value through profit and loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of the Relevant Periods:

	RMB'000	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
[REDACTED] equity investments	26,000–66,853	Investment cost/ Asset-based approach	N/A or Discount rate	N/A or 12%	N/A or 5% increase/decrease in discount rate would result in increase/decrease in fair value by RMB1,000–RMB3,000
[REDACTED] equity investments	8,386	Market multiple method	EV/S	3.01x–5.25x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB362,000-RMB628,000
			Discount for lack of liquidity ("**DLOM**")	22%–23%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB115,000-RMB149,000
[REDACTED] equity investments	1,500–2,191	Market multiple method	EV/S	0.68x–0.83x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB40,000–RMB67,000
			DLOM	24%–25%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB25,000–RMB35,000
[REDACTED] equity investments	1,000	Market multiple method	EV/S	0.96x–1.20x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB20,000–RMB25,000
			DLOM	20%–21%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB12,000–RMB15,000

	RMB'000	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
[REDACTED] equity investments	10,127	Market multiple method	EV/S	6.45x–6.81x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB160,000–RMB221,000
			DLOM	16%–24%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB 25,000–RMB54,000
[REDACTED] equity investments	5,000	Asset-based approach	N/A	N/A	N/A

Fair value hierarchy

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

Assets measured at fair value:

The Group

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	36,886	36,886
Debt investments at fair value through other comprehensive income	—	4,641	—	4,641
Financial assets at fair value through profit or loss	—	19,961	15,127	35,088
Total	—	24,602	52,013	76,615

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	75,886	75,886
Debt investments at fair value through other comprehensive income	—	112,447	—	112,447
Financial assets at fair value through profit or loss	—	90,625	15,127	105,752
Total	—	203,072	91,013	294,085

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	78,429	78,429
Debt investments at fair value through other comprehensive income	—	293,354	—	293,354
Financial assets at fair value through profit or loss	—	100,894	18,700	119,594
Total	—	394,248	97,129	491,377

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

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income			
At 1 January	1,500	36,886	75,886
Total gains recognised in other comprehensive income	—	—	2,543
Purchases	35,386	39,000	—
Total	36,886	75,886	78,429

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss			
At 1 January	15,127	15,127	15,127
Total gains recognised in profit or loss included in other income	—	—	3,573
Total	15,127	15,127	18,700

The Company

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	36,886	36,886
Financial assets at fair value through profit or loss	—	19,961	15,127	35,088
Total	—	19,961	52,013	71,974

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
	(Level 1)	**(Level 2)**	**(Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	75,886	75,886
Debt investments at fair value through other comprehensive income	—	20,361	—	20,361
Financial assets at fair value through profit or loss	—	65,292	15,127	80,419
Total	—	85,653	91,013	176,666

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	—	—	78,429	78,429
Debt investments at fair value through other comprehensive income	—	227,114	—	227,114
Financial assets at fair value through profit or loss	—	50,518	18,700	69,218
Total	—	277,632	97,129	374,761

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

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income			
At 1 January	1,500	36,886	75,886
Total gains recognised in other comprehensive income	—	—	2,543
Purchases	35,386	39,000	—
Total	36,886	75,886	78,429

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss			
At 1 January	15,127	15,127	15,127
Total gains recognised in profit or loss included in other income	—	—	3,573
Total	15,127	15,127	18,700

Liabilities measured at fair value:

The Group

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	199	—	199

The Company did not have any financial liabilities measured at fair value as at 31 December 2022, 2023 and 2024.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank borrowings, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade and notes payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the Relevant Periods to a reasonably possible change in the United States dollar, European dollar and Japanese Yen exchange rates, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the fair value of monetary assets and liabilities).

The Group

	As at 31 December 2022		
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
If the RMB weakens against the US$	5	749	749
If the RMB strengthens against the US$ . . .	(5)	(749)	(749)
If the RMB weakens against the EUR.	5	1,215	1,215
If the RMB strengthens against the EUR. . .	(5)	(1,215)	(1,215)
If the RMB weakens against the JPY	5	1,845	1,845
If the RMB strengthens against the JPY . . .	(5)	(1,845)	(1,845)

	As at 31 December 2023		
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
If the RMB weakens against the US$	5	1,142	1,142
If the RMB strengthens against the US$ . . .	(5)	(1,142)	(1,142)
If the RMB weakens against the EUR.	5	184	184
If the RMB strengthens against the EUR. . .	(5)	(184)	(184)
If the RMB weakens against the JPY	5	237	237
If the RMB strengthens against the JPY . . .	(5)	(237)	(237)

	As at 31 December 2024		
	Increase/(decrease) in foreign currency rate	**Increase/(decrease) in profit before tax**	**Increase/(decrease) in equity**
	%	*RMB'000*	*RMB'000*
If the RMB weakens against the US$	5	1,000	1,000
If the RMB strengthens against the US$ . . .	(5)	(1,000)	(1,000)
If the RMB weakens against the EUR.	5	97	97
If the RMB strengthens against the EUR. . .	(5)	(97)	(97)
If the RMB weakens against the JPY	5	175	175
If the RMB strengthens against the JPY . . .	(5)	(175)	(175)

The Company

	As at 31 December 2022		
	Increase/(decrease) in foreign currency rate	**Increase/(decrease) in loss before tax**	**Increase/(decrease) in equity**
	%	*RMB'000*	*RMB'000*
If the RMB weakens against the US$	5	262	262
If the RMB strengthens against the US$ . . .	(5)	(262)	(262)
If the RMB weakens against the EUR.	5	769	769
If the RMB strengthens against the EUR. . .	(5)	(769)	(769)
If the RMB weakens against the JPY	5	1,147	1,147
If the RMB strengthens against the JPY . . .	(5)	(1,147)	(1,147)

	As at 31 December 2023		
	Increase/(decrease) in foreign currency rate	**Increase/(decrease) in profit before tax**	**Increase/(decrease) in equity**
	%	*RMB'000*	*RMB'000*
If the RMB weakens against the US$	5	327	327
If the RMB strengthens against the US$ . . .	(5)	(327)	(327)

	As at 31 December 2024		
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
If the RMB weakens against the US$	5	200	200
If the RMB strengthens against the US$	(5)	(200)	(200)
If the RMB weakens against the EUR	5	64	64
If the RMB strengthens against the EUR	(5)	(64)	(64)

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023 and 2024. The amounts presented are gross carrying amounts for financial assets.

The Group

31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	107,637	107,637
Debt investments at fair value through other comprehensive income	1,500	—	—	—	1,500
Financial assets included in prepayments, other receivables and other assets					
— Normal**	6,348	—	—	—	6,348
Restricted cash					
— Not yet past due	933	—	—	—	933
Cash and cash equivalents					
— Not yet past due	299,369	—	—	—	299,369
Time deposits					
— Not yet past due	153,726	—	—	—	153,726
Total	461,876	—	—	107,637	569,513

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	117,555	117,555
Financial assets included in prepayments, other receivables and other assets					
— Normal**	7,015	—	—	—	7,015
Restricted cash					
— Not yet past due	3,278	—	—	—	3,278
Cash and cash equivalents					
— Not yet past due	92,713	—	—	—	92,713
Time deposits					
— Not yet past due	322,431	—	—	—	322,431
Total	425,437	—	—	117,555	542,992

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	186,156	186,156
Financial assets included in prepayments, other receivables and other assets					
— Normal**	4,061	—	—	—	4,061
Restricted cash					
— Not yet past due	2,167	—	—	—	2,167
Cash and cash equivalents					
— Not yet past due	402,984	—	—	—	402,984
Time deposits					
— Not yet past due	20,172	—	—	—	20,172
Total	429,384	—	—	186,156	615,540

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of notes receivable and financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

The Company

31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables*	—	—	—	57,282	57,282
Due from subsidiaries	—	—	—	174,054	174,054
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,517	—	—	—	1,517
Restricted cash					
— Not yet past due	738	—	—	—	738
Cash and cash equivalents					
— Not yet past due	109,887	—	—	—	109,887
Time deposits					
— Not yet past due	103,549	—	—	—	103,549
Total	215,691	—	—	231,336	447,027

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables*	—	—	—	80,719	80,719
Due from subsidiaries				306,779	306,779
Debt investments at fair value through other comprehensive income	159	—	—	—	159
Financial assets included in prepayments, other receivables and other assets					
— Normal**	3,333	—	—	—	3,333
Cash and cash equivalents					
— Not yet past due	26,421	—	—	—	26,421
Time deposits					
— Not yet past due	150,998	—	—	—	150,998
Total	180,911	—	—	387,498	568,409

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes receivables*	—	—	—	126,652	126,652
Due from subsidiaries	—	—	—	71,691	71,691
Debt investments at fair value through other comprehensive income	484	—	—	—	484
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,138	—	—	—	1,138
Cash and cash equivalents					
— Not yet past due	140,311	—	—	—	140,311
Time deposits					
— Not yet past due	20,172	—	—	—	20,172
Total	162,105	—	—	198,343	360,448

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of notes receivable and financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Company's exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of other borrowings.

The maturity profile of the Group's and the Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	31 December 2022					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	—	25,234	350	322	—	25,906
Other payables	168	4,074	10,477	100,000	—	114,719
Lease liabilities	—	1,002	2,980	4,219	10,541	18,742
Interest-bearing bank borrowings	—	—	1,500	—	—	1,500
Net carrying amount	168	30,310	15,307	104,541	10,541	160,867

	31 December 2023					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	—	44,276	16,237	1,672	—	62,185
Other payables	114	6,019	7,993	101,134	—	115,260
Lease liabilities	294	1,135	3,226	6,850	4,048	15,553
Interest-bearing bank borrowings	—	—	2,000	—	—	2,000
Net carrying amount	408	51,430	29,456	109,656	4,048	194,998

	31 December 2024					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	—	21,122	3,404	5,808	—	30,334
Other payables	186	2,120	2,082	100,000	—	104,388
Lease liabilities	—	1,416	6,860	5,566	923	14,765
Derivative financial instruments	—	—	199	—	—	199
Net carrying amount	186	24,658	12,545	111,374	923	149,686

The Company

	31 December 2022					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	—	21,156	343	322	—	21,821
Other payables	1	785	—	—	—	786
Due to subsidiaries	—	9,080	—	—	—	9,080
Lease liabilities	—	—	—	5,257	—	5,257
Interest-bearing bank borrowings	—	—	1,500	—	—	1,500
Net carrying amount	1	31,021	1,843	5,579	—	38,444

	31 December 2023					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	—	42,057	16,237	1,672	—	59,966
Other payables	41	983	719	—	—	1,743
Due to subsidiaries	—	2,647	220	—	—	2,867
Lease liabilities	—	—	—	5,257	—	5,257
Interest-bearing bank borrowings	—	—	2,000	—	—	2,000
Net carrying amount	41	45,687	19,176	6,929	—	71,833

	31 December 2024					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	—	17,093	3,139	5,680	—	25,912
Other payables	55	1,036	479	—	—	1,570
Due to subsidiaries.	—	12,105	1,271	—	—	13,376
Lease liabilities	—	—	2,307	3,846	—	6,153
Net carrying amount.	55	30,234	7,196	9,526	—	47,011

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes interest-bearing bank borrowings and lease liabilities. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	1,500	2,000	—
Lease liabilities	17,500	14,993	14,117
Debt	19,000	16,993	14,117
Total equity	740,393	963,148	1,212,010
Gearing ratio	2.6%	1.8%	1.2%

39. INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investments at cost	84,777	101,290	413,251

40. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

As at 31 December 2022, 2023 and 2024, amounts due from/(to) subsidiaries were unsecured, interest-free and repayable on demand. The carrying amounts of balances with subsidiaries approximate to their fair values.

41. EVENTS AFTER THE RELEVANT PERIODS

In June 2025, the Group declared that it will distribute dividend of RMB0.05 per share to all shareholders with total consideration of RMB18,500,000.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2024.

The following information does not form part of the Accountants' Report from Ernst &Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included for information purposes only. The **[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. [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following **[REDACTED]** adjusted consolidated net tangible assets of the Group has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of* **[REDACTED]** *Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the **[REDACTED]** on the consolidated net tangible assets of the Group attributable to owners of the parent as if the **[REDACTED]** had taken place on 31 December 2024.

The **[REDACTED]** adjusted consolidated net tangible assets of the Group 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 attributable to owners of the parent had the **[REDACTED]** been completed as of 31 December 2024 or at any future date. It is prepared based on the consolidated net tangible assets attributable to owners of the parent as at 31 December 2024 as set out in the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

	Consolidated net tangible assets attributable to owners of the parent as at 31 December 2024	Estimated [REDACTED] from the [REDACTED]	[REDACTED] adjusted consolidated net tangible assets attributable to owners of the parent immediately after completion of the [REDACTED]	[REDACTED] adjusted consolidated net tangible assets attributable to owners of the parent per Share immediately after completion of the [REDACTED]	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share .	1,192,747	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per Share .	1,192,747	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets attributable to owners of the parent as at 31 December 2024 is arrived at after deducting other intangible assets of RMB8,229,000 from the consolidated net assets attributable to owners of the parent of RMB1,200,976,000 as at 31 December 2024, as shown in the Accountants' Report set out in Appendix I to this document.

(2) The estimated **[REDACTED]** from the **[REDACTED]** are calculated based on estimated **[REDACTED]** of HK$**[REDACTED]** per Share or HK$**[REDACTED]** per Share, being the low-end price and high-end price, after deduction of the **[REDACTED]** and other related expenses payable by the Company and do not take into account any Shares which may be issued upon exercise of the **[REDACTED]**.

(3) The **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** without taking into account any Shares which may be issued upon exercise of the **[REDACTED]**.

(4) The **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB0.9154 to HK$1.00.

(5) No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to 31 December 2024.

(6) The **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the parent does not take into account dividends of RMB18,500,000 declared by the Company to the shareholders after the end of the Track Record Period. Had the dividends been taken into account, the **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the parent per Share would be HK$**[REDACTED]** per share (based on **[REDACTED]** of HK$**[REDACTED]** per Share) or HK$**[REDACTED]** per Share (based on **[REDACTED]** of HK$**[REDACTED]** per Share).

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisors regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of the PRC taxation other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC and other tax consequences of owning and disposing of the H shares.

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "**Individual Income Tax Law**"), which was latest amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by the PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a uniform rate of 20%. 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異化個人所得稅政策有關問題的通知》), which was issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds the shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividends and bonus 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 dividends and bonus 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 China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**"), which was executed by the Mainland China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland 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 (《國家稅務總局關於〈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》) (the "**Fifth Protocol**"), which was issued by the SAT and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), which was issued by the SCNPC and latest amended and effective on December 29, 2018, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was latest amended by the State Council on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on the PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income is not actually connected with such establishment or premise in the PRC. The aforesaid income tax payable by non-resident enterprises shall be deducted at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

According to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by the PRC-resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT and effective on November 6, 2008, a PRC resident enterprise is required to withhold the enterprise income tax at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from the PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Income Tax on Share Transfer

Individual Investors

Pursuant to the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. According to the Circular of the MOF and the SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) (the "**Circular No. 61**"), which was issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed companies continues to be temporarily exempted from individual income tax. According to the Announcement of the MOF and the SAT on the Catalog of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》), which was issued by the MOF and the SAT on December 29, 2018, the Circular No. 61 will remain effective.

However, the Notice of the State Administration of Taxation on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which was jointly issued by the MOF, the STA and the CSRC on December 31, 2009 and effective on January 1, 2010 stipulates that income derived by individuals from transfer of shares of listed companies issued to the public and transfer of shares of listed companies obtained from the market at the Shanghai Stock Exchange and Shenzhen Stock Exchange shall continue to be exempted from individual income tax, provided that it excludes the restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by relevant departments and implemented on November 10, 2010. As of the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprises listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise investors

Pursuant to the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income is not actually connected with such establishment or premise in the PRC. The aforementioned income tax payable by non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprises. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements for the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

According to the Notice of the MOF, the SAT and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》 (財稅[2014]81號)), which was effective on November 17, 2014, for dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange (the "**Hong Kong**

Stock Exchange") through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Corporation Limited (the "**CSDC**") for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Dividend income derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to enterprise income tax according to law. Dividend income derived by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold tax on dividend income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise investors themselves.

According to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), which was issued on August 21, 2023 and implemented on the same date, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be temporarily exempted from individual income tax before December 31, 2027.

Shenzhen-Hong Kong Stock Connect Taxation Policy

According to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (財稅[2016]127號) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(Cai Shui [2016] No. 127)), which was effective on December 5, 2016, for dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Dividends and bonuses derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to enterprise income tax according to law. Dividends and bonuses derived by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold tax on dividends and bonuses for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise investors themselves.

According to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》), which was issued on August 21, 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall continue to be temporarily exempted from individual income tax before December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued on June 10, 2021 and effective on July 1, 2022, the PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

MAJOR TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

Pursuant to the EIT Law and its implementation rules, all enterprises within the territory of the PRC (including foreign-invested enterprises) are subject to enterprise income tax at a uniform rate of 25%.

Pursuant to the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》), which was issued by the Ministry of Science and Technology ("**MOST**"), the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, an enterprise recognized as a high-tech enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

According to the Announcement of the MOF and the SAT on the Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》), which was issued on March 26, 2023, for small and micro enterprises, the portion of their annual taxable income not exceeding RMB1 million shall be included in the taxable income at a reduced rate of 25% and the enterprise income tax shall be paid at the tax rate of 20%. Pursuant to the Announcement of the MOF and the SAT on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》), which was issued on August 2, 2023, the policy that small and micro enterprises shall pay the taxable income at a reduced rate of 25% and the enterprise income tax shall be paid at the tax rate of 20% will continue to be implemented until December 31, 2027.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council, latest amended and effective on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the State Council, latest amended on October 28, 2011 and effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods, shall be identified as taxpayers of value-added tax, and shall pay value-added tax. Unless stated otherwise, for taxpayers selling or importing goods, and providing processing, repairs and replacement services in the PRC, the tax rate shall be 17%, in certain limited circumstances, 11%, 6% or 0%.

According to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which was issued on April 4, 2018 and effective on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT-taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》), which was issued by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the general VAT taxpayers who have VAT-taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On December 25, 2024, the SCNPC issued the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) (the "**VAT Law**"), which will take effect on January 1, 2026. Upon its implementation, the Provisional Regulations on Value-added Tax of the PRC will be repealed simultaneously. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial households) in the PRC engaging in the sale of goods, services, intangible assets or real properties, as well as the importation of goods, shall be identified as taxpayers of value-added tax, and shall pay value-added tax in accordance with the law. Unless stated otherwise, for taxpayers selling goods, providing processing, repairs and replacement services, rendering rental service of tangible movable properties, and imported goods, the tax rate shall be 13%, in certain limited circumstances, 9%, 6% or 0%.

Preferential Tax Policy for the IC Industry

Pursuant to the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (《軟件企業和集成電路企業税費優惠政策指引》) issued by the STA on May 21, 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the Circular of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit Industry and Software Industry in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知》(國發[2020]8號)) (the "**Circular No. 8**"), and the Circular on Issues concerning Corporate Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得税政策的公告》) jointly issued by the MOF, the SAT, the NDRC and the MIIT, enterprises of integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. The Circular of Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises to Enjoy Preferential Tax Policy for 2024 (《國家發展改革委等部門關於做好2024年享受税收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》) makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy on the basis of Circular No. 8.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was amended by the State Council on August 5, 2008 and effective on the same day, all international payments and transfers are classified into current account items and capital account items. The State does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in the PRC may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was issued by the PBOC on June 20, 1996 and effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

Pursuant to relevant laws and regulations of the PRC, enterprises (including foreign-invested enterprises) in the PRC which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》), which was issued by the State Council on October 23, 2014 and effective on the same day, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant 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》), which was issued by the SAFE on December 26, 2014, a domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the branch office of SAFE at the place where it is registered. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document or offering documents for corporate bond, shareholders' circulars, resolutions of the board of directors or shareholders' meetings and other publicly disclosed documents.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《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》), which was issued by the SAFE on June 9, 2016, domestic institutions may, in accordance with relevant policies and their actual business needs, conduct voluntary foreign exchange settlement for foreign currency earnings in capital account (including repatriated funds raised through overseas listings) through banks. The tentative percentage of voluntary foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This appendix contains a summary of the principal PRC laws, regulations and policies related to the Company's ordinary course of business operations in the PRC. PRC tax laws and regulations are discussed separately in "Appendix III — Taxation and Foreign Exchange". The primary purpose of this summary is to provide potential investors with an overview of the key legal and regulatory provisions applicable to the Company. This summary is not intended to comprise all material information that may be relevant to potential investors. For a discussion of laws and regulations relating to the Company's business, please refer to the "Regulatory Overview" section of this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (the "**Constitution**") which was amended and came into force on March 11, 2018 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.

According to the Constitution and the Legislative Law of the People's Republic of China (the "**Legislative Law**"), which was last amended on March 13, 2023 and became effective on March 15, 2023, the NPC and the SCNPC have the authority to exercise the state legislative power. The NPC is empowered to formulating and amending the basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and may supplement and amend parts of 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 administrative authority of the PRC and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not violate 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 on aspects such as urban and rural construction and management, construction of ecological civilization, historical and cultural protection and grassroots governance based on 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 matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will be implemented after being 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. The people's congresses of ethnic autonomous have the authority to formulate autonomous regulations and separate regulations in accordance with the political, economic and cultural characteristics of the local ethnic groups.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office and the subordinate institutions with administrative functions directly and institutions prescribed by law may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council.

The NPC has the power to alter or abrogate any inappropriate laws enacted by the SCNPC, and to abrogate any autonomous regulations and separate regulations as approved by the SCNPC which contravene the Constitution or the Legislation Law. The SCNPC has the power to abrogate any administrative regulations that contravene the Constitution or laws, to abrogate any local regulations that contravene the Constitution, laws or administrative regulations, and to abrogate any autonomous regulations and separate regulations which have been approved by the Standing Committee of the People's Congress of the relevant provinces, autonomous regions or municipalities directly under the central government, but contravene the Constitution or the Legislation Law. The State Council has the power to alter or abrogate any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or abrogate any inappropriate local regulations enacted or approved by their respective standing committees. The standing committee of local people's congress has the power to revoke inappropriate regulations formulated by the people's government at the same level, while the people's governments of provinces and autonomous regions have the power to alter or abrogate any inappropriate rules enacted by the people's governments at a lower level.

According to the Resolution of the Standing Committee of the National People's Congress Regarding the Strengthening of Interpretation of Laws (《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, if the scope prescribed by provisions of laws and regulatory needs to be further defined or supplementary provisions need to be made, the Standing Committee of the NPC shall interpret them or make provisions. Issues involving the specific application of laws in the trial work of the court shall be interpreted by the Supreme People's Court. Issues involving the specific application of laws in the procuratorial work of the procuratorate shall be interpreted by the Supreme People's Procuratorate. Issues that do not involve the specific application of laws in the trial work of the court and procuratorial work shall be interpreted by the State Council and the competent departments. At the regional level, the power to give interpretation of the local laws and regulatory is vested in the regional legislative and administrative organs which promulgate such law.

PRC JUDICIAL SYSTEM

According to the Constitution and the PRC Law on the Organization of the People's Courts (《中華人民共和國人民法院組織法》) (revised by the SCNPC on October 26, 2018, and effective as of January 1, 2019), the people's courts in China are classified into the Supreme People's Court, local people's courts at various levels, and special people's courts. Local people's courts are organized at three levels: primary people's courts, intermediate people's courts, and high people's courts. Primary people's courts may establish specialized civil tribunals based on regional conditions, population factors, and caseload circumstances. The Supreme People's Court serves as the highest judicial organ in China. It supervises the judicial work of local people's courts at various levels and special people's courts, while higher-level people's courts supervise the judicial work of courts at lower levels.

A people's court adopts the system in which the rule of the second-instance as the final rule, that is, the judgments or rulings of the second-instance at a people's court are final. A party may appeal against the judgment or ruling of the first-instance of a local people's court. People's procuratorates may, in accordance with legally prescribed procedures, lodge protests to the people's court at the next higher level. If no appeal is filed by parties or protest is lodged by the people's procuratorate within the prescribed time limit, the judgment or ruling of the people's court shall become final. Second-instance judgments or rulings rendered by intermediate people's courts, high people's courts, and the Supreme People's Court, as well as first-instance judgments or rulings by the Supreme People's Court, are final. However, if the Supreme People's Court discovers definite errors in legally effective final judgments or rulings rendered by courts at any level, or if a higher people's court discovers definite errors in legally effective final judgments or rulings rendered by a lower people's court, or if the president of any people's court discovers definite errors in the court's own legally effective final judgments or rulings, they have the authority to remand the case for retrial in accordance with judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "**Civil Procedure Law**") which was last revised on September 1, 2023 and took effect on January 1, 2024, stipulates the requirements for initiating civil lawsuits, the judicial jurisdiction of people's courts, the procedures to be followed in civil litigation, and the conditions for the enforcement of civil judgments or rulings. All parties filing civil lawsuits within China must comply with the Civil Procedure Law of the PRC. Civil cases shall generally be adjudicated by the court where the defendant is located. For contractual disputes or other disputes over property rights, the parties may agree in writing to select the jurisdiction of the people's court at the defendant's domicile, the place of contract performance, the place of contract execution, the plaintiff's domicile, the location of the subject matter, or other places having actual connection with the dispute, provided that such selection shall not violate the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction.

Foreign nationals, stateless persons, foreign enterprises, or foreign organizations instituting or responding to legal proceedings in people's courts shall enjoy equal litigation rights and obligations as Chinese citizens, legal persons, or other organizations. Where foreign courts impose restrictions on the litigation rights of Chinese citizens or enterprises, the Chinese people's courts shall apply the principle of reciprocity regarding the civil litigation rights of citizens or enterprises from that country. When foreign nationals, stateless persons, foreign enterprises, or foreign organizations instituting or responding to legal proceedings in Chinese people's courts require legal representation, they must appoint Chinese lawyers. In accordance with international treaties concluded or acceded to by China, or based on the principle of reciprocity, people's courts and foreign courts may request mutual assistance in serving legal documents, investigating and collecting evidence, and conducting other litigation-related acts. The people's courts shall not entertain requests from foreign courts that would compromise China's sovereignty, security, or public interest.

Legally effective civil judgments and rulings shall be enforced by the parties concerned. Should any party to a civil case refuse to comply with a judgment or ruling rendered by a people's court or an award made by a Chinese arbitral tribunal, the other party may, within two years, apply to the people's court for enforcement of such judgment or ruling, or alternatively apply for deferred enforcement or revocation. The legal provisions regarding suspension or interruption of the statute of limitations for litigation shall apply mutatis mutandis to the suspension or interruption of the statute of limitations for enforcement applications. Where a party fails to fulfill the judgment within the time limit specified in the court's enforcement order, the court may, upon application by the other party, compulsorily enforce the judgment against the defaulting party.

Where a party seeks enforcement of a legally effective judgment or ruling rendered by a people's court against the opposing party and their assets located outside the territory of the People's Republic of China, the requesting party may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling, or alternatively, the people's court may request the foreign court to recognize and enforce the judgment or ruling in accordance with international treaties concluded or acceded to by China or based on the principle of reciprocity. Similarly, where a legally effective judgment or ruling rendered by a foreign court requires recognition and enforcement by a Chinese people's court, the party concerned may directly apply to the competent intermediate people's court in China for recognition and enforcement, or the foreign court may request the people's court to recognize and enforce the judgment or ruling in accordance with international treaties concluded between that country and China or based on the principle of reciprocity. However, such foreign judgments or rulings shall not be recognized or enforced if they violate the fundamental principles of Chinese law or compromise China's national sovereignty, security, or public interest.

THE COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC and seeking listing on the Hong Kong Stock Exchange is primarily subject to the following PRC laws and regulations.

The PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**") was passed by the Fifth Session of the Standing Committee of the Eighth National People's Congress on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, and the newly revised Company Law came into effect on July 1, 2024.

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 "**Trial Measures**") and related guidelines were promulgated by the China Securities Regulatory Commission (CSRC) on February 17, 2023 and came into effect on March 31, 2023, applicable to direct and indirect overseas Share subscription and listing of domestic companies. The Trial Measures also stipulates the filing management measures and regulatory requirements for overseas securities offering and listing by domestic companies.

On March 28, 2025, the CSRC promulgated the newly revised Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**"), which took effect on the same date. Pursuant to the Trial Measures and its accompanying guidelines, Guidelines for the Application of Regulatory Rules-Overseas Issuance and Listing Category No. 1, direct issuance and listing by domestic companies shall refer to the Guidelines for Articles of Association and other relevant provisions of CSRC on corporate governance to formulate its articles of association and standardize corporate governance.

The main provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association applicable to the Company are summarized below.

General Provisions

A "joint stock limited company" refers to a corporate legal person incorporated in China under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the shares they subscribe for, and the company is liable for the company's debts with all its assets.

When engaging in business activities, the company must comply with laws and regulations, social ethics and business ethics. The company may invest in other companies with limited liability. The company's liability to these invested companies is limited to the amount it invests. Unless otherwise provided by law, a company may not become an investor jointly and severally liable for the debts of the invested company.

Incorporation

A joint stock limited company may be established by promotion or subscription. To establish a joint stock limited company, there should be more than one promoter but less than 200 promoters, and more than half of the promoters must be domiciled in China.

The promoters of a joint stock limited company incorporated by subscription shall convene the company's establishment meeting within 30 days from the date of full payment of the shares to be issued at the time of establishment. The promoter shall notify all subscribers of the meeting date or make an announcement fifteen days before the establishment meeting. The establishment meeting shall be attended by more than half of the voting rights held by the subscribers. The convening and voting procedures for the establishment meeting of a joint stock limited company incorporated by promotion shall be stipulated in the articles of association or the agreement of the promoters.

Within 30 days after the conclusion of the establishment meeting, the board of directors shall apply to the registration authority for registration of a joint stock limited company. The company shall be formally established and acquire legal person status upon issuance of the business license by the relevant registration authority.

Registered Shares and Issued Shares

Under the Company Law, shareholders may make capital contributions in money or in kind, intellectual property rights, land use rights, stock rights, creditor rights or other non-monetary assets that can be assessed and transferred in money according to law, except for assets that cannot be used for capital contributions according to any laws or administrative regulations.

The capital of a joint stock limited company is divided into shares. All shares of the company shall be either par value shares or par value shares in accordance with the provisions of the company's articles of association. In the case of par value shares, the amount of each share is equal. A company may convert all par value shares issued into non-par value shares in accordance with the company's articles of association, and vice versa. For non-par value shares, more than one-half of the proceeds from the issuance of shares shall be included in the registered capital.

A joint stock limited company shall register a register of shareholders and keep it with the company. The register of shareholders shall set out the following matters:

(i) the name and domicile of each shareholder;

(ii) the class and number of shares subscribed by each shareholder;

(iii) where share certificates in paper form are issued, the serial numbers of such share certificates; and

(iv) the date on which each shareholder acquired the shares.

The principles of fairness and justice shall be implemented in the distribution of shares of a joint stock limited company. Each share of the same class shall enjoy equal rights. For shares of the same class issued at the same time, the issuing conditions and price for each share shall be the same. The subscriber shall pay the same amount for each share subscribed for. The issue price of par value shares may be based on the par value, or may exceed the par value, but may not be lower than the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise indirectly issues and is listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

According to the relevant provisions of the Company Law, when a joint stock limited company intends to issue new shares, the shareholders' meeting shall make resolutions on the following matters:

(i) the class and number of new shares;

(ii) the issue price of the new shares;

(iii) the commencement and end dates for the issuance of new shares;

(iv) the class and number of the new shares proposed to be issued to existing shareholders; and

(v) in the case of issuing non-par value shares, the amount of proceeds from the new share issuance to be included in the registered capital.

If a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) a company shall prepare a balance sheet and a property list;

(ii) the reduction of registered capital shall be approved by shareholder at a shareholders' meeting;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed at shareholders' meeting;

(iv) creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and

(v) a company shall apply to register the change with a company registration authority.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares except for any following circumstances:

(i) reducing the company's registered capital;

(ii) merging with other company that holds the shares of the Company;

(iii) using the shares for employee shares plan or equity incentives;

(iv) requiring the company to acquire its shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the company;

(v) using the shares for conversion of convertible corporate bonds issued by the company; or

(vi) as required for a listed company to maintain the corporate value and shareholders' rights and interest.

The purchase of shares of a company for circumstances specified in the case of (i) or (ii) above shall be subject to the resolution of the shareholders' meeting. The purchase of shares of a company for circumstances specified in the case of (iii), (v) or (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders' meeting.

Following the purchase of our Company's shares by a company in accordance with the provisions of paragraph 1 of this Article, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) or (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of our Company, and shall be transferred or canceled within three years in the case of items (iii), (v) or (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No modifications of registration in the share register shall be affected within 20 days prior to the convening of shareholder's meeting or 5 days prior to the base date for determination of a company's dividends distribution. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the share register of a listed company, such provisions should prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of shares of a company are listed and traded on a stock exchange. Where any laws, administrative regulations, or the securities regulatory authority of the State Council have other provisions regarding the transfer of our Company's shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail.

Directors, supervisors and the senior management personnel of the company shall declare to the company their shareholdings in the Company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the Company annually during their tenure determined at the time of appointment. They shall not transfer the shares the Company they hold within one year from the date on which the company's shares are listed and commenced trading, nor within six months after their resignation from their positions with the company. The Articles 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 personnel.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and The Guidelines for the Articles, the rights of a shareholder include:

(i) to receive dividends and other forms of interest distribution according to the number of shares held;

(ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights;

(iii) to supervise business operations of the company, provide suggestions or submit queries;

(iv) to transfer, grant or pledge the its shares held according to the provisions of the laws, administrative regulations and the Articles;

(v) to read and copy the Articles, the register of shareholders, shareholders' meeting minutes, resolutions of Board meetings, and financial and accounting reports; Qualified shareholders may read the company's accounting books and accounting vouchers;

(vi) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation;

(vii) to require the company to acquire its shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the company.

(viii) other rights conferred by laws, administrative regulations, regulations of the authorities, or the Articles.

The obligations of a shareholder include:

(i) to abide by laws, administrative regulations and the Articles;

(ii) to pay the subscription moneys according to the shares subscribed for and share participation methods;

(iii) not to withdraw share capital unless prescribed otherwise in laws and administrative regulations;

(iv) not to abuse Shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the company's creditors;

(v) to perform other duties prescribed in laws, administrative regulations and the Articles.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the Board;

(iii) to examine and approve reports of the Board of Supervisors;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the Articles; and

(ix) other functions and powers specified in provision of the Articles.

Under the Company Law, shareholders' meetings are required to be held once every year. An extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles;

(ii) when the unrecovered losses of a company amount to one-third of the total share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the Board;

(v) the Board of Supervisors proposes to convene the meeting; or

(vi) other circumstances as stipulated in the Articles.

Shareholders' meetings shall be convened by the Board, and presided over by the chairman of Board. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the Board is incapable of performing or is not performing its duties to convene the shareholders' meeting, the Board of Supervisors should convene and preside over shareholders' meeting in a timely manner. If the Board of Supervisors fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an extraordinary shareholders' meeting, the Board and the Board of Supervisors should, within 10 days after the receipt of such request, decide whether to hold an extraordinary shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary shareholders' meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the Board in writing 10 days before the shareholders' meeting. The interim proposal shall include a specific issue for discussion along with any concrete matter for resolution. The Board shall, within two days upon receipt of the proposal, notify the other shareholders, and submit the said interim proposal to the meeting for deliberation except for any proposal that violates laws, administrative regulations, or the Articles, or any proposal that falls outside the purview of the shareholders' meeting. The company shall not increase the shareholding percentage for shareholders proposing interim proposals.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. Shares held by the company itself are not entitled to any voting rights.

Pursuant to the Company Law and The Guidelines for the Articles, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. Resolutions of the shareholders' meeting regarding the amendments to the Articles, the increase or decrease of registered capital, and the merger, division, dissolution or change in the form of the company shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting.

The cumulative voting system may be adopted for the election of directors or supervisors at the shareholders' meeting in accordance with the provisions of the Articles or the resolutions of the shareholders' meeting. The cumulative voting system means that each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Board of Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the Articles, but each term of office shall not exceed three years. Upon expiry of the term of office, directors may serve consecutive terms if re-elected.

Under the Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over Board meetings and examine the implementation of Board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

A person may not serve as a director of the company in case of any of the following circumstances:

(i) the person without civil conduct capacity or with limited civil conduct capacity;

(ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(iii) the person who is a former director, factory director or Manager of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of the company or enterprise whose business license has been revoked and ordered to shut down; or

(v) the person listed as a judgment defaulter by the People's Court because the amount of debt he bears is relatively large and the debt is not paid off when it is due.

Board meetings shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. The Board shall exercise the following duties and powers:

(i) to convene shareholders' meetings and report its work to the shareholders' meetings;

(ii) to implement the resolutions of the shareholders' meeting;

(iii) to determine the company's business operation plans and investment plans;

(iv) to formulate the company's profit distribution plans and loss recovery plans;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of bonds;

(vi) to formulate plans for merger, division, dissolution or change of the form of the company;

(vii) to determine the internal management structure of the company;

(viii) to determine the appointment or dismissal of the manager of the company and their remuneration, and based on the nomination of the manager, to determine the appointment or dismissal of the deputy managers and financial controllers of the company and their remuneration;

(ix) to formulate the basic management system of the company; and

(x) other duties as stipulated in the Articles or granted by the shareholders' meeting.

The quorum of a Board meeting shall be more than half of all directors. A resolution of the Board shall be passed by more than half of all directors. The resolutions of the Board shall be voted by one person, one vote. The Board shall make meeting minutes of the decisions on the matters discussed, and the directors present at the meeting shall sign the minutes.

Directors shall attend Board meetings in person. If a director is unable to attend a Board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the Board violates the laws, administrative regulations or the Articles and resolution of shareholders' meetings, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. 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 may be exempt from such liability.

Board of Supervisors

Under the Company Law, a joint stock limited company shall have a Board of Supervisors composed of not less than three members. The Board of Supervisors shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the Articles. Employee representatives of the Board of Supervisors shall be democratically elected by the company's employees at the employee representative assembly, employee meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The Board of Supervisors shall have a chairman and may have a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all the supervisors. The chairman of the Board of Supervisors shall convene and preside over meeting of the Board of Supervisors. Where the chairman of the Board is unable or fails to perform his/her duties, the vice chairman of the Board of Supervisors shall be convened and presided over meeting of the Board of Supervisors; Where the vice chairman of the Board is unable or fails to perform his/her duties, the meeting of the Board of Supervisors shall be convened and presided over by a Supervisor jointly elected by more than half of the Supervisors.

The Board of Supervisors shall exercise the following duties and powers:

(i) to check the financial condition of the company;

(ii) to supervise the performance of directors and senior management personnel in the performance of their duties, and propose the removal of directors and senior management personnel who violate laws, administrative regulations, the Articles or the resolutions of the shareholders' meetings;

(iii) to require directors and the senior management personnel to make corrections if their conduct has damaged the interests of the company;

(iv) to propose the convening of extraordinary shareholders' meetings and, in the event that the Board fails to perform the obligations to convene and preside over the shareholders' meetings in accordance with the Company Law, to convene and preside over the shareholders' meetings;

(v) to propose proposals to the shareholders' meetings;

(vi) to file lawsuit against directors and senior management personnel in accordance with Article 189 of the Company Law; and

(vii) other duties as stipulated in the Articles.

A joint stock limited company may, in accordance with the provisions of the Articles, establish an audit committee composed of directors on the Board to exercise the functions and powers of the Board of Supervisors in place of establishing the Board of Supervisors.

On December 27, 2024, the CSRC issued relevant transitional arrangements for the implementation of the supporting systems and rules of the new Company Law. Before January 1, 2026, a listed company shall stipulate in the Articles that the Board shall establish an audit committee to exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law in accordance with the Company Law, the Regulations of the State Council on the Implementation of the Registered Capital Registration Management System under the Company Law of the People's Republic of China (《國務院關於實施＜中華人民共和國公司法＞註冊資本登記管理制度的規定》) and the relevant supporting systems and rules of the CSRC. Before a listed company adjusts the establishment of its internal supervision structure, the Board of Supervisors or supervisors shall continue to abide by the requirements of the previous system and rules of the CSRC.

Manager and Senior Management Personnel

Under the Company Law, a joint stock limited company shall have a manager who shall be appointed or removed by the Board. The manager shall report to the Board and exercise functions and powers as specified in the Articles or as authorized by the Board. The manager shall attend Board meetings as non-voting members.

According to the Company Law, senior management personnel shall mean the manager, deputy manager(s), financial controllers, Board secretary of a listed company and other personnel as stipulated in the Articles.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the Company are required under the Company Law to comply with the relevant laws, regulations and the Articles, and have fiduciary and diligent duties to the Company. Directors, supervisors and senior management have fiduciary duties to the Company. They shall take measures to avoid conflicts between their own interests and those of the Company, and shall not leverage their positions to seek improper benefits.

Directors, supervisors and senior management of the Company have diligent duties to the Company. When performing their duties, they shall exercise the reasonable care that an administrator usually should take for the best interests of the Company.

Directors, supervisors and senior management are prohibited from:

(i) embezzling the Company's property or misappropriating of the Company's capital;

(ii) depositing the Company's capital into accounts under his/her own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the Company;

(v) unauthorized divulgence of confidential information of the Company; or

(vi) other acts in violation of their fiduciary duty to the Company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the Company, he/she should report the matters relating to the conclusion of the contract or transaction to the Board or the shareholders' meeting, subject to the approval of the Board or the shareholders' meeting according to the Articles.

The provisions of the preceding paragraph shall apply if any near relatives of the Directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the Directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the Directors, supervisors or senior management, concludes a contract or conducts a transaction with the Company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the Company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the Board or the shareholders' meeting and has been approved by a resolution of the Board or the shareholders' meeting according to the Articles; or

(ii) where the Company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles.

Where any director, supervisor or senior management fails to report to the Board or the shareholders' meeting and obtain an approval by resolution of the Board or the shareholders' meeting according to the Articles, he/she may not engage in any business that is similar to that of the Company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the Company's Articles in the performance of his duties resulting in any loss to the Company shall be personally liable for the damages to the Company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the Company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the Company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

The premium over the nominal value of the shares of the Company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the Company.

The reserve fund of the Company shall be used to make up losses of the Company, expand the production and operation of the Company or increase the registered capital of the Company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The Company shall not keep accounts other than those provided by law. The assets of the Company shall not be deposited in any account opened under a personal name.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the Company's auditing business shall be determined by the shareholders' meeting, the Board or the board of supervisors in accordance with the Articles. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board 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 falsification.

The Guidelines for the Articles provide that the Company's appointment of an accounting firm shall be decided by the shareholders' meeting and the Board shall not appoint any accounting firm prior to a decision made by the shareholders' meeting. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the Company, and the shareholders, Directors, supervisors, and senior management personnel who are responsible for causing losses to the Company shall bear compensation liability.

If the shareholders' meeting resolves to distribute profits, the Board shall do so within six months after the resolution is made.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the Articles has expired or other events of dissolution specified in the Articles have occurred;

(ii) the shareholders' meeting resolves to dissolve the Company;

(iii) dissolution is necessary due to a merger or division of the Company;

(iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws; or

(v) the Company is dissolved by the People's Court in accordance with Article 231 of the Company Law.

If the Company is dissolved for any of the reasons set forth in the preceding paragraph, it shall, within ten days, make public the reasons for dissolution through the National Enterprise Credit Information Publication System.

Where the Company is dissolved in accordance with the provisions in sub-paragraph (i) above, it may carry on its existence by amending its Articles or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the Company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, who are the liquidation obligors of the Company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the Directors, unless it is otherwise provided for in the Company's Articles or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the Company or the creditors.

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. The People's Court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the Company's property and respectively prepare balance sheet and list of property;

(ii) to notify creditors by email or public announcement;

(iii) to deal with the outstanding business of the Company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the Company after paying off debts; or

(vii) to participate in civil litigations on behalf of the Company.

The liquidation group shall notify the Company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. The creditors shall, while declaring their claims, state particulars of their claims and provide supporting documents. The liquidation group shall register the credits. During the declaration of credit, the liquidation group shall not perform the liquidation to the creditors.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the shareholders' meeting or the People's Court for ratification.

After paying all liquidation expenses, staff wages, social insurance expenses and statutory compensation, outstanding taxes, and the Company's debts, the remaining assets shall be distributed by the limited company to shareholders in accordance with their respective paid-up capital and shall be distributed by the joint stock limited company to shareholders in proportion to the number of shares held by them.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall file an application to a People's Court for bankruptcy liquidation. 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.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the Company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or the People's Court for confirmation, and submit to the Company registration authority to apply for cancelation of the Company's registration.

Where, after three years since the business license of a company is revoked, or the Company is ordered to close down or is revoked, the Company fails to apply for its deregistration with the Company registration authority, the said authority may announce the Company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the Company registration authority may deregister the Company.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a People's Court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the People's Court declared that such certificate(s) will no longer be valid, the shareholder may apply to the Company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing after an issuer has offering and listing securities in an overseas market, the issuer shall report to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Securities Law and Regulations

In October 1992, the State Council established the Securities Committee and the 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 the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies, which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (the "**PRC Securities Law**"), which was latest amended by the Standing Committee of the NPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

Under the Arbitration Law of the People's Republic of China, (the "**Arbitration Law**"), amended by the Standing Committee of the NPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have reached an arbitration agreement, the People's Court will refuse to take legal action brought by a party in the People's Court, unless the arbitration agreement is invalid.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the People's Court for enforcement according to the PRC Civil Procedure Law. 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 or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party requests to enforce an arbitral award with legal effect made in accordance with the law within the territory of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the People's Court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

Judicial Judgment and Its Enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (repealed on January 29, 2024) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of mainland China and the court of the Hong Kong in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of mainland China or the court of the Hong Kong for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of mainland China or the court of the Hong Kong in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of mainland China or the court of the Hong Kong to recognize and enforce the final judgment made in mainland China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 25, 2024, the Supreme People's Court issued the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the "**New Arrangement**"), which was effective on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong Special Administrative Region and the PRC.

This Appendix mainly provides **[REDACTED]** with an overview of the Articles of Association. As the following data is in summary form, it does not contain all the data that may be important to **[REDACTED]**.

SHARES

Issuance of Shares

The shares of the Company are in the form of share certificates.

The shares of the Company shall be issued on the principle of openness, fairness and equity, and each share of the same class shall have equal rights. Shares of the same class issued at the same time shall be issued under the same condition and at the same price. The same price shall be paid for each of the shares subscribed for by any subscriber

The par value shares issued by the Company are denominated in RMB, with a nominal value of RMB1 per share.

The overseas **[REDACTED]** shares **[REDACTED]** by the Company on Hong Kong Stock Exchange are referred to as "**[REDACTED]**". The shares issued by the Company but not **[REDACTED]** on domestic and overseas stock exchange are referred to as **[REDACTED]** shares. **[REDACTED]** shares may convert into overseas **[REDACTED]** shares and list and trade on overseas stock exchange upon filing with securities governing authority of the State Council. The **[REDACTED]** and **[REDACTED]** of overseas **[REDACTED]** shares on overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas stock exchange. Voting at the Shareholders' general meeting is not required for the conversion of **[REDACTED]** domestic shares into overseas **[REDACTED]** shares and the **[REDACTED]** and **[REDACTED]** of overseas **[REDACTED]** shares on overseas stock exchange.

Among the shares issued by the Company, the **[REDACTED]** shares of the Company shall be registered and deposited centrally with the domestic securities registration and settlement institutions. The registration and settlement arrangements for overseas **[REDACTED]** shares shall comply with the regulations of the stock exchange where the Company's shares are **[REDACTED]**.

Increase/Reduction and Repurchase of Shares

The Company may, based on its business and development needs and in accordance with the provisions of the laws, administrative regulations, departmental rules, normative documents, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**, and the provisions of relevant regulatory authorities, increase its capital in the following manners upon resolutions being adopted at the Shareholders' general meeting:

(i) issuing shares to unspecified targets;

(ii) issuing shares to specified targets;

(iii) allotting bonus shares to existing Shareholders;

(iv) capitalizing its capital reserve;

(v) other means as permitted by laws, administrative regulations and approved by the CSRC and the securities regulatory authority of the place where the Company's shares are **[REDACTED]**.

The Company may reduce its registered capital. Reduction of registered capital of the Company shall be made in accordance with the procedures stipulated in the Company Law and the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** and other relevant provisions and the Articles of Association.

The Company shall not acquire its own shares, save as under any one of the following circumstances:

(i) to reduce the registered capital of the Company;

(ii) to merge with another company that holds the shares of the Company;

(iii) to use the shares for Employee Shareholding Plan or as equity incentive;

(iv) the Shareholders disagreeing with the merger or separation resolution made by the Shareholders' general meeting to request the Company to acquire their shares;

(v) to apply the shares in the conversion of the convertible corporate bonds issued by the Company;

(vi) necessary for the Company to maintain corporate value and Shareholders' interests;

(vii) other circumstances stipulated by laws, administrative regulations, departmental rules and approved by the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**.

The Company may acquire its shares through open and concentrated transactions or other ways permitted by laws and administrative regulations and approved by the CSRC and the securities regulatory authority of the place where the Company's shares are **[REDACTED]**.

The Company's acquisition of the shares of the Company due to the circumstances stipulated in item (i) or (ii) above shall be subject to a resolution of the Shareholders' general meeting. The Company's acquisition of the shares of the Company due to the circumstances stipulated in item (iii), (v) or (vi) above shall be subject to a resolution of a Board meeting at which more than two-thirds of Directors are present.

Under the circumstance stipulated in item (i), the shares of the Company so acquired shall be canceled within ten days from the date of acquisition; under the circumstances stipulated in either item (ii) or (iv), the shares of the Company so acquired shall be transferred or canceled within six months; under the circumstances stipulated in item (iii), (v) or (vi), the total shares of the Company held by the Company shall not exceed 10% of the Company's total issued shares, and shall be transferred or canceled within three years.

If the applicable laws, regulations, normative documents and the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** have other provisions on the aforementioned matters involving the repurchase of shares, the Company shall comply with such provisions, provided that they do not contravene the Company Law or the Hong Kong Listing Rules.

Transfer of Shares

The shares of the Company shall be transferred in accordance with laws.

The Company shall not accept its own shares as collateral.

Shares issued by the Company prior to the **[REDACTED]** of its shares shall not be transferred within one year from the **[REDACTED]** and **[REDACTED]** of the shares of the Company on a stock exchange. The Directors and senior management of the Company shall declare the number of shares held by them and the relevant changes. The number of shares transferred each year during their term of office determined at their appointment shall not exceed

25% of the total number of shares of the Company held by them. The shares of the Company held by them shall not be transferred within one year from the **[REDACTED]** of the shares of the Company. The shares of the Company held by them shall not be transferred within six months after their resignation. If it is otherwise provided in the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** regarding the relevant matters of the limitation of the transfer of the overseas **[REDACTED]** shares, the latter shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

Shareholders

Shareholders of the Company shall be legal persons, natural persons, or other entities lawfully holding shares of the Company. Shareholders enjoy rights and undertake obligations according to the class of shares they hold. Holders of the same class shall enjoy the same rights and bear the same obligations.

The Company shall maintain a register of members in accordance with the Company Law, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**, other relevant regulations, and the provisions of the Articles of Association. The register of members shall constitute sufficient evidence to prove the holding of shares in the Company by Shareholders. The register of members shall be kept at the Company and Shareholders shall have the right to inspect it. The Company shall manage the register of members in accordance with the Company Law and other laws and regulations and the requirements of the relevant regulatory bodies.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other forms of distribution of interest in proportion to their respective shareholdings;

(ii) to legally request to hold, self-convene, preside over, attend, or dispatch Shareholder's agent to attend the general meetings and exercise the corresponding rights to speak and vote;

(iii) to supervise, make suggestions or inquiries on the operation of the Company;

(iv) to transfer, bestow or pledge the shares they hold according to the laws, administrative regulations, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** and the provisions of the Articles of Association;

(v) to inspect and make copies of the Articles of Association, register of members, minutes of general meetings, resolutions of Board meetings, and financial and accounting reports, and Shareholders who severally or jointly holding more than 3% of the shares in the Company for more than 180 consecutive days may also inspect the accounting books and vouchers of the Company;

(vi) to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;

(vii) request from Shareholders who object to a resolution of a Shareholders' general meeting on merger or division of the Company for the Company to acquire their shares;

(viii) other rights stipulated by laws, administrative regulations, department rules, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** or the Articles of Association.

Any Shareholder requesting to inspect or make copies of the relevant materials of the Company shall comply with the provisions of the Company Law, the Hong Kong Listing Rules and other laws and administrative regulations. Any Shareholder requesting to inspect of the Company's accounting books and accounting vouchers shall submit a written request to the Company stating the purpose. If the Company has a reasonable basis to believe that the Shareholder's inspection of accounting books and accounting vouchers has an improper purpose and may harm the legitimate interests of the Company, it may refuse to provide such inspection, and shall reply to the Shareholder in writing and explain the reasons within 15 days from the date of the Shareholder's written request.

The Shareholders shall be entitled to request the People's Court to invalidate the resolution of the Shareholders' general meeting and the Board of Directors which violates the laws and administrative regulations.

The Shareholders shall be entitled to request the People's Court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure or voting method of the Shareholders' general meeting and Board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association, except, however, where there are only minor defects in the convening procedure or voting method of the Shareholders' general meeting and Board meeting, which do not have substantive effect on the resolution.

Where the Board of Directors, Shareholders and other relevant parties have any dispute over the validity of a resolution of the Shareholders' general meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court makes a judgment or ruling that the resolution shall be revoked, the relevant parties shall implement the resolution of the Shareholders' general meeting. The Company, its Directors and senior management shall effectively perform their duties to ensure the normal operation of the Company.

A resolution of the Shareholders' general meeting or the Board of Directors of the Company shall not be valid if any of the following circumstances applies:

(i) No Shareholders' general meeting or Board meeting has been convened to make a resolution;

(ii) No vote has been taken on the matters resolved at the Shareholders' general meeting or Board meeting;

(iii) The number of persons attending the meeting or the number of voting rights held by them does not reach the required number under the Company Law or the Articles of Association;

(iv) The number of persons agreeing to the matters resolved or the number of voting rights held by them does not reach the required number under the Company Law or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(i) to comply with the laws, administration regulations and the Articles of Association;

(ii) to pay the subscribed share capital for the shares subscribed in accordance with the agreed manner of equity participation;

(iii) no withdrawal of share capital from the Company except for the circumstances set out in the relevant laws and administrative regulations;

(iv) no abuse of Shareholder's rights to damage the interests of the Company or other Shareholders; no abuse of the independent legal person status of the Company and the limited liability of Shareholders to damage the interests of the creditors of the Company;

(v) other obligations to be assumed by the Shareholders according to the laws, administration regulations, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** and the Articles of Association.

If any Shareholder of the Company abuses the Shareholder's rights and causes loss to the Company or other Shareholders, he/she shall be liable for the compensation; if any Shareholder of the Company abuses the independent legal person status of the Company and the limited liability of Shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts of the Company.

General Provisions on Shareholders' General Meeting

The Shareholders' general meeting of the Company comprises all Shareholders. The Shareholders' general meeting is the organ of power of the Company and exercises the following functions and powers according to the laws:

(i) to elect and replace Directors who are not employee representatives, and to decide on matters relating to their remuneration;

(ii) to consider and approve the reports of the Board of Directors;

(iii) to consider and approve the profit distribution plan and loss recovery plan of the Company;

(iv) to make resolutions on the increase or reduction of the Company's registered capital;

(v) to make resolutions on the issuance of corporate bonds;

(vi) to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(vii) to amend the Articles of Association;

(viii) to make a resolution on the engagement or removal of the accounting firm that provides audits for the Company;

(ix) to consider and approve the guarantee matters stipulated in Article 42 of the Articles of Association;

(x) to consider the Company's purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company, and transaction matters stipulated in Article 44 of the Articles of Association;

(xi) to consider and approve the change of **[REDACTED]**;

(xii) to consider equity incentive scheme and employee shareholding scheme;

(xiii) to consider and approve the Company's initial **[REDACTED]** of shares and **[REDACTED]** plan;

(xiv) to consider other matters that shall be decided by the Shareholders' general meeting according to laws, administrative regulations, department rules and the Articles of Association.

The above-mentioned functions and powers of the Shareholders' general meeting shall not be delegated through authorization to the Board of Directors or any other body or individual, but the Shareholders' general meeting may authorize the Board of Directors to adopt resolutions regarding the issuance of corporate bonds.

The following external guarantees of the Company shall be submitted to the Shareholders' general meeting for consideration and approval after being considered and passed by the Board of Directors:

(i) a single guarantee in the amount exceeding 10% of the Company's latest audited net assets;

(ii) any guarantee provided by the Company and its holding subsidiaries after the total amount of external guarantees has exceeded 50% of the Company's latest audited net assets;

(iii) any guarantee provided by the Company after the total amount of external guarantees has exceeded 30% of the Company's latest audited total assets;

(iv) according to the principle of accumulated amount of guarantee within 12 consecutive months, any guarantee provided by the Company in the amount exceeding 30% of the Company's latest audited total assets;

(v) guarantees provided to guarantee objects with an asset to liabilities ratio exceeding 70%;

(vi) guarantees provided to the Shareholders and the de facto controllers of the Company and their related parties;

(vii) Other external guarantees required by the laws, administrative regulations, departmental rules and the Articles of Association that shall be approved by the Shareholders' general meeting.

The Board shall decide on other external guarantees which are not in the scope of authorization of the Shareholders' general meeting. For guarantees within the scope of authorization of the Board of Directors, in addition to the approval of more than half of all the Directors, the consent of more than two-thirds of the Directors attending the Board meeting shall be required. The guarantee set out in item (iv) above shall be approved by more than two-thirds of voting rights held by Shareholders present at the Shareholders' general meeting. When the Shareholders' general meeting is considering a proposal to provide guarantee to any Shareholder, de facto controller and his/her/its related party(ies), the said Shareholders or Shareholders controlled by the said de facto controller shall abstain from voting on the said proposal, and the proposal shall be subject to approval by more than half of the voting rights held by other attending Shareholders.

If a guarantee is provided to a related party by the Company, such guarantee should be based on reasonable commercial grounds. If a guarantee is provided to a controlling Shareholder, de facto controller and his/her/its related party(ies) by the Company, such controlling Shareholder, de facto controller and his/her/its related party(ies) shall provide a counter-guarantee.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

(i) When the number of Directors is less than the number required by the Company Law or less than two-thirds of the number specified in these Articles of Association;

(ii) When the Company's accumulated uncovered losses reach one-third of its total share capital;

(iii) When Shareholders holding 10% or more of the Company's shares individually or in the aggregate make a request;

(iv) When the Board of Directors deems it necessary;

(v) When the audit committee proposes to convene such a meeting;

(vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, or these Articles of Association.

Convening of Shareholders' General Meetings

A Shareholders' general meeting shall be convened by the Board of Directors pursuant to laws. Subject to the consent of more than half of all independent non-executive Directors, independent non-executive Directors are entitled to propose to the Board of Directors to convene an extraordinary general meeting, and such proposals shall be made in writing to the Board of Directors. Where independent non-executive Directors propose to convene an extraordinary general meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. If the Board of Directors agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors; if the Board of Directors does not agree to convene an extraordinary general meeting, it shall state the reasons.

The audit committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting, and such proposals shall be made in writing to the Board of Directors. For the proposal of the audit committee to convene an extraordinary general meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**, and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. If the Board of Directors agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors. Any changes to the original proposal in the notice require the consent of the audit committee. If the Board of Directors disagrees to convene an extraordinary general meeting or fails to give a response in writing within 10 days after receipt of such proposal, the Board of Directors shall be deemed as unable or refusing to fulfill the obligation to convene the general meeting of Shareholders, and the audit committee may convene and preside over the meeting on its own initiative.

Shareholders severally or jointly holding more than 10% of the shares of the Company are entitled to request the Board of Directors to convene an extraordinary general meeting, and such request shall be made in writing to the Board of Directors. Such written request shall specify the agenda items and include complete proposals with substantive content. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**, and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary general meeting within 10 days upon the receipt of the request. If the Board of Directors agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors. Any changes to the original request in the notice require the consent of relevant Shareholders. If the Board of Directors disagrees to convene an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, Shareholders severally or jointly holding more than 10% of the shares of the Company shall be entitled to propose to the audit committee to convene an extraordinary general meeting, and such request shall be made in writing to the audit committee. If the audit committee agrees to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within 5 days upon receipt of such request. Any changes to the original request in the notice require the consent of relevant Shareholders. Where the audit committee fails to issue a notice of the Shareholders' general meeting within the prescribed time limit, it shall be deemed that the audit committee will not convene and preside over Shareholders' the general meeting, and the Shareholders severally or jointly holding more than 10% of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting on their own initiative.

Proposals and Notices of Shareholders' General Meeting

Where the Company convenes a Shareholders' general meeting, the Board of Directors, the audit committee, and Shareholders individually or jointly holding more than 1% of the shares of the Company shall be entitled to make proposals to the Company. The Shareholders individually or jointly holding more than 1% of the shares of the Company may raise a temporary proposal and submit it to the convener in writing ten days before the general meeting is held. The convener shall, within two days after the receipt of the proposal, issue a supplementary notice to publish the contents of the temporary proposal and submit the temporary proposal to the Shareholders' general meeting for consideration, except, however, in the case that the temporary proposal violates the provisions of laws, administrative regulations or the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**, or does not fall within the scope of authority of the Shareholders' general meeting. Save as specified above or stipulated by laws, administrative regulations or the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]**, the convener shall not change the proposal set out in the notice of general meeting or add any new proposals after the said notice is served.

The notice of the Shareholders' general meeting shall include the following contents:

(i) the time, venue, and duration of the meeting;

(ii) the matters and proposals submitted to the meeting for consideration;

(iii) a prominent statement stating that all Shareholders are entitled to attend the Shareholders' general meeting and appoint a proxy by written to attend and vote on his/her behalf, and such proxy need not be a Shareholder of the Company;

(iv) the record date of Shareholders entitled to attend the Shareholders' general meeting;

(v) the name and phone number of the contact person in connection with the meeting;

(vi) the voting time and voting procedures online or by other means;

(vii) other matters stipulated by laws and regulations, normative documents, the securities regulatory requirements of the stock exchange where the Company's shares are **[REDACTED]** and the Articles of Association.

Convening of Shareholders' General Meetings

Any Shareholder in the register of members on the record date or his/her proxy shall be entitled to attend the Shareholders' general meeting, and have the right to vote pursuant to the laws, regulations, the securities regulatory rules of the place where the shares of the Company are **[REDACTED]** and the Articles of Association. Shareholders can attend the Shareholders' general meeting in person or appoint proxies to attend and vote on their behalf.

Individual Shareholders who wish to attend the meeting in person shall present their identity cards or other valid documents or proof of identity; where others are delegated to attend the meeting, proxies of Shareholders shall present their valid personal identity cards and the power of attorney from the Shareholders.

Corporate Shareholders shall attend the meeting by their legal representatives or their entrusted proxies. Legal representatives of corporate Shareholders who attend the meeting shall produce their own identity cards, the business license of the corporate Shareholders stamped with the seal of the legal entity and effective proof of their capacity as legal representatives; proxies of corporate Shareholders shall produce their own identity cards, the business license of the corporate Shareholders stamped with the seal of the legal entity and the written power of attorney issued by the legal representatives of the corporate Shareholders stamped with the seal of the legal entity.

Shareholders of the partnership shall attend the meeting by the managing partner, its appointed representatives, or entrusted proxies. When the managing partner or its appointed representative attends a meeting, they shall present their identity cards, the business license of the partnership Shareholder stamped with the seal of the partnership, and valid proof demonstrating their identity and qualifications; where a proxy attends the meeting, the proxy shall present his/her identity card, the business license of the partnership Shareholder stamped with the seal of the partnership, and a written power of attorney issued by the managing partner of the partnership or the managing partner's appointed representative, which shall also be stamped with the seal of the partnership.

The Shareholders' general meeting shall be chaired by the chairman of the Board. Where the chairman is incapable of performing or fails to perform his/her duties, a Director nominated by more than half of the Directors shall perform his/her duties. A Shareholders' general meeting convened by the audit committee shall be presided over by the convenor of the audit committee. Where the convenor of the audit committee is unable to perform or fails to perform his/her duties, a majority of the members of the audit committee shall elect a member of the audit committee to preside over such meeting. A Shareholders' general meeting convened by Shareholders themselves shall be presided over by the convenor or a representative elected by him/her. If when convening a Shareholders' general meeting, the chairman of the meeting is in violation of these Rules of Procedures causing the Shareholders' general meeting unable to be continued, subject to the agreement by over half of the attending Shareholders with voting rights at the Shareholders' general meeting, the Shareholders' general meeting may elect a person as the chairman and continue with the meeting.

Voting and Resolutions of the Shareholders' General Meetings

Resolutions of a Shareholders' general meeting shall be divided into ordinary and special resolutions. An ordinary resolution of a Shareholders' general meeting shall be passed by over one-half of the voting rights held by the Shareholders (including their proxies) present at the meeting. A special resolution of a Shareholders' 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 an ordinary resolution at a Shareholders' general meeting:

(i) the working reports of the Board of Directors;

(ii) plan for distribution of profits and plans for recovery of losses prepared by the Board of Directors;

(iii) the appointment and removal of members of the Board of Directors who are not employee representatives, and their remuneration and methods of payment;

(iv) the Company's proposed annual financial budget and final accounts;

(v) annual report of the Company;

(vi) issuing corporate bonds;

(vii) appointment or termination of accounting firm engaged in the audit work of the Company;

(viii) other matters other than those required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** or these Articles of Association that should be passed by special resolutions.

The following matters shall require the sanction of a special resolution at a Shareholders' general meeting:

(i) the increase or decrease in registered capital of the Company;

(ii) the division, spin-off, merger, dissolution and liquidation of the Company, as well as the alteration of the form of the Company;

(iii) amendments to the Articles of Association;

(iv) the share incentive schemes;

(v) the purchase and disposal of material assets by the Company within one year or guarantee amount exceeding 30% of the Company's latest audited total assets;

(vi) other matters required by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** or these Articles of Association, and which have been determined by ordinary resolutions at the Shareholders' general meeting to have significant impact on the Company.

Where a Shareholders' general meeting is convened to consider matters relating to a related (connected) transaction, the related (connected) Shareholders shall abstain from voting and the number of shares carrying voting rights as represented by them shall not be included in the total number of valid votes; adequate disclosure of the result of votes cast by Shareholders not related (connected) to the transaction shall be made in the announcement on the resolutions of the Shareholders' general meeting.

When matters to be considered at a Shareholders' general meeting involve related (connected) transactions, the Company shall make a special note thereof in the notice convening the Shareholders' general meeting. A related (connected) Shareholder may apply for recusal on his/her own, other Shareholders of the Company and the Board of the Company may apply for recusal of a related (connected) Shareholder, the said application shall be made in writing prior to the convening of the Shareholders' general meeting, and the Board shall be obliged to notify the Shareholders concerned of the application immediately. The Shareholders concerned may raise objections to the said application, and if no objections have been raised prior to the voting, the Shareholder subject to the application for recusal shall recuse himself/herself from voting; if he/she objects to the application, he/she may request the audit committee to make a resolution in respect of the application.

If a related (connected) Shareholder participates in voting in violation of the provisions of this article, the proportion of such Shareholder's votes as regards the relevant related (connected) transaction matters shall become invalid.

In order to be valid, the resolutions made at a Shareholders' general meeting on related (connected) transaction matters shall be passed by more than half of the votes cast by the non-related (connected) Shareholders attending the Shareholders' general meeting. However, when the related (connected) transaction matter involves the above-mentioned matters, the resolution of the Shareholders' general meeting shall be valid only if it is passed by two-thirds or more of the voting rights held by the non-related (connected) Shareholders present at the Shareholders' general meeting.

BOARD OF DIRECTORS

Directors

The Directors of the Company shall be natural persons, a person who is applicable to any one of the following circumstances shall not become a Director of the Company:

(i) with no capacity for civil conduct or limited capacity for civil conduct;

(ii) being sentenced to criminal punishment for corruption, bribery, embezzlement of properties, misappropriation of properties or sabotaging the order of socialist market economy, or being deprived of their political rights for committing a crime, where not more than 5 years have elapsed since the expiration of the period of deprivation, or being announced on probation, where not more than 2 years have elapsed since the date of completion of the probation period;

(iii) a former Director, factory principal or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;

(iv) a former legal representative of a company or enterprise, the business license of which was revoked or such company or enterprise was ordered to shut down due to violation of law and such person is personally liable for such consequences, where less than 3 years have elapsed since the date of the revocation of business license of or being ordered to close such company or enterprise;

(v) being listed as a defaulter subject to enforcement by the People's Court for being liable for relatively large amount of personal debt which has become overdue;

(vi) has been subject to a securities market entry prohibition measure imposed by the CSRC, and the period of the prohibition has not lapsed;

(vii) other circumstances required by laws, administrative regulations, departmental rules, or securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

Where the election of Directors is in violation of the above provisions, such election shall be invalid. The Company shall dismiss a Director from office and terminate his/her duties if the circumstances under this Article arise during his or her term of office.

The Directors shall comply with the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** and these Articles of Association. They shall owe duties of loyalty to the Company and take measures to avoid conflicts of interest between their own interests and those of the Company, and shall not take advantage of their positions to seek improper benefits:

The Directors shall owe the following duties of loyalty to the Company:

(i) not to expropriate the property of the Company and misappropriate the funds of the Company;

(ii) not to open accounts in which the funds of the Company are deposited in his or her personal name or in the name of other individuals;

(iii) not to exploit his/her position to bribe or accept other illegal income;

(iv) not to enter into contracts or transactions, directly or indirectly, with the Company without reporting to the Board of Directors or the Shareholders' general meeting and being approved by a resolution of the Board of Directors or the Shareholders' general meeting in accordance with these Articles of Association;

(v) not to take advantage of his/her position to seek business opportunities for himself/herself or others that should have otherwise been available to the Company, except when reported to the Board of Directors or the Shareholders' general meeting and approved by a resolution of the Shareholders' general meeting, or when the Company, according to laws, administrative regulations, or the provisions of the Articles of Association, cannot utilize such business opportunities;

(vi) not to operate for himself/herself or others any business similar to that of the Company, without reporting to the Board of Directors or the Shareholders' general meeting and obtaining approval through a resolution of the Shareholders' general meeting;

(vii) not to accept commissions from transactions between others and the Company for his/her own benefits;

(viii) not to disclose the confidential information of the Company without authorization;

(ix) not to use his/her connected relationship to impair the interests of the Company;

(x) other fiduciary duties stipulated by laws, administrative regulations and departmental rules and these Articles of Association.

The income obtained by a Director in violation of these provisions shall belong to the Company; and if the Director causes losses to the Company, he/she shall be liable for compensation. Immediate family members of Directors, enterprises directly or indirectly controlled by Directors or their immediate family members, and related (connected) parties with other related (connected) relationships with Directors, when entering into contracts or conducting transactions with the Company, are subject to the provisions of item (iv) of the second paragraph of this provision.

A Director shall comply with the laws, administrative regulations and these Articles of Association and shall diligently perform his/her obligations to the Company. In performing their obligations, he/she shall exercise the reasonable care that a manager should typically have for the best interests of the Company. The Director shall diligently perform his/her following obligations to the Company:

(i) to exercise the rights conferred by the Company in a prudent, serious and diligent manner so as to ensure that the business activities of the Company are in compliance with the requirements of national laws, administrative regulations and various economic policies, and the business activities do not exceed the business scope specified in the business license;

(ii) to treat all shareholders equally;

(iii) to keep abreast of the operation and management of the Company's businesses;

(iv) to sign a written confirmation of the Company's periodic reports and ensure that the information disclosed by the Company shall be true, accurate and complete;

(v) to truthfully provide the audit committee with relevant information and data, and shall not obstruct the audit committee from exercising its authorities;

(vi) to perform other obligations of diligence stipulated by the laws, administrative regulations, departmental rules and these Articles of Association.

Board of Directors

The Company has established a Board of Directors which shall be accountable to the Shareholders' general meeting. The Board of Directors shall consist of 9 Directors, of whom Independent Directors shall constitute more than one-third of the total number of Directors on the Board.

The Board of Directors exercises the following powers:

(i) to convene the Shareholders' general meeting and report its work to the Shareholders' general meetings;

(ii) to implement the resolutions of the Shareholders' general meeting;

(iii) to decide on the Company's business plans and investment plans;

(iv) to formulate the Company's proposals for profit distribution and for recovery of losses;

(v) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of bonds or other securities and **[REDACTED]** thereof;

(vi) 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;

(vii) to decide on matters such as foreign investment, acquisition and sale of assets, pledge of assets, external guarantee matters, entrusted financial management, related (connected) transactions and external donations within the authorization of these Articles of Association or the Shareholders' general meeting;

(viii) to decide on the Company's internal management structure;

(ix) to decide on the appointment or dismissal of the Company's general manager and secretary to the Board, company secretary; to decide on the appointment or dismissal of the Company's deputy general manager, Chief Financial Officer according to the nomination of the general manager, and decide on their remunerations and award/punishment issues;

(x) to formulate the Company's basic management system;

(xi) to formulate proposals to amend the Articles of Association;

(xii) to manage information disclosure of the Company;

(xiii) to propose to the Shareholders' general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;

(xiv) to hear the work report of the general manager of the Company and examine his/her work;

(xv) other functions and powers stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

The Board of Directors of the Company shall establish four Special Committees, being an Audit Committee, a Nomination Committee, a Remuneration and Appraisal Committee and a Strategic Committee. The Special Committees shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization from the Board of Directors. Their proposals shall be submitted to the Board of Directors for consideration and decision. All members of the Special Committees shall be Directors. Independent non-Executive Directors shall account for the majority of members of the audit committee, the Nomination Committee and the Remuneration and Appraisal Committee, and shall serve as the convener/chairman. The convener/chairman of the audit committee shall be an accounting professional. The Board is responsible for formulating and amending the terms of reference of the Special Committees and regulating the operation. Matters beyond the authorization by the Shareholders' general meetings shall be submitted to the Shareholders' general meeting for consideration.

The Board shall have a chairman. The chairman shall be elected with the approval of more than half of all the Directors. The chairman of the Board shall exercise the following functions and powers:

(i) to preside over Shareholders' general meetings and convene and preside over Board meetings;

(ii) to monitor and examine the implementation of the resolutions of the Board of Directors;

(iii) to exercise the powers of the legal representative;

(iv) to sign on important documents of the Board of Directors and other documents which are required to be signed by the legal representative of the Company;

(v) other powers conferred by the Board of Directors.

A Board meeting shall be held only if more than half of the Directors are present. Resolutions of the Board of Directors must be passed by a majority of all Directors. Resolutions made by the Board of Directors on external guarantee matters that should be approved by the Board of

Directors according to the Articles of Association must also be approved by more than 2/3 of the Directors attending the Board meeting. As for the voting on a Board resolution, each Director shall have one vote only.

Senior management

The Company shall have one general manager, several deputy general managers, one Chief Financial Officer, and one secretary to the Board, all of whom shall be appointed or dismissed by the Board of Directors.

The general manager shall have a term of office of 3 years and can be reelected upon the expiry of the term of office. The term of office of a general manager shall start from the date his appointment is resolved by the Board of Directors, and shall end upon the expiry of the current term of the Board of Directors, unless otherwise stipulated in the resolution of the Board of Directors.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(ii) to organize and implement the Company's annual business plan and investment proposals;

(iii) to draft plans for the establishment of the Company's internal management organizations;

(iv) to draft the Company's basic management system;

(v) to formulate specific rules and regulations for the Company;

(vi) to propose to the Board of Directors on the appointment or dismissal of deputy general manager and Chief Financial Officer of the Company;

(vii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board of Directors;

(viii) where transactions entered into by the Company (except for guarantees provided by the Company, donated cash assets received by the Company and debts that purely reduce the obligations of the Company or exempt it therefrom) do not meet any of the review thresholds of the Board of Directors, the general manager shall have the authority to make decisions thereon;

(ix) other functions and powers stipulated in the Articles of Association or conferred by the Board of Directors.

The Company shall have a secretary to the Board, and shall be responsible for the preparation of the Shareholders' general meeting and Board meeting, document keeping and management of information regarding the Shareholders of the Company and shall deal with information disclosure and other matters. The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association. During the vacancy of the secretary to the Board, the Company shall promptly designate a director or senior management member to perform the duties of the secretary to the Board, at the same time, the candidate for the secretary to the Board shall be determined promptly. If the Board of Directors fails to appoint a person to act as the secretary to the Board or if the position of the secretary to the Board remains vacant for more than 3 months, the chairman of the Board shall act as the secretary to the Board until the Company appoints a new one.

SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company has established an audit committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

The audit committee is responsible for reviewing the Company's financial information and its disclosures, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board of Directors for consideration after the approval by a majority of all members of the audit committee:

(i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(ii) appointment or dismissal of the accounting firm that undertake the Company's auditing business;

(iii) appointment or dismissal of the Company's Chief Financial Officer;

(iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(v) other matters as provided by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and these Articles of Association.

The Nomination Committee is responsible for formulating the standards and procedures for the selection of Directors and senior management members, selecting and reviewing the candidates for Directors and senior management members and their qualifications for office, and making recommendations to the Board of Directors on the following matters:

(i) nominating or removing of Directors;

(ii) appointing or dismissing senior management members;

(iii) other matters as provided by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and these Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinion of the nomination committee and the specific reasons for not adopting in the resolution of the Board of Directors and disclose the same.

The Remuneration and Appraisal Committee is responsible for formulating the evaluation criteria for Directors and senior management members and conducting the evaluation, preparing and reviewing the remuneration policies and programs for Directors and senior management members, and making recommendations to the Board of Directors on the following matters:

(i) the remuneration of Directors and senior management members;

(ii) formulating or changing the share incentive scheme and employee share ownership scheme, granting of rights and benefits to the incentive targets and fulfillment of the conditions for exercising the rights and benefits;

(iii) arranging share ownership schemes for Directors and senior management members in the subsidiaries proposed to be spun off;

(iv) other matters as provided by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and these Articles of Association.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Financial Accounting System

The Company shall prepare its annual financial accounting reports in accordance with relevant laws and regulations, and such reports shall be audited by an accounting firm in accordance with the law. The above-mentioned financial accounting reports shall be prepared in compliance with relevant laws, administrative regulations and departmental rules.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profit to the statutory reserve fund of the Company. Where the accumulated amount of the Company's statutory reserve fund is more than 50% of the Company's registered capital, further allocation is not required. If the Company's statutory reserve fund is not sufficient to cover losses of previous years, it shall, before withdrawing the statutory reserve fund in accordance with the preceding paragraph, make up the losses from the profits of the current year in the first place. After the Company has withdrawn statutory reserve fund from its after-tax profits, it may also make an arbitrary reserve fund from its after-tax profits by resolution of the Shareholders' general meeting. After making up of losses and allocation to the reserve fund, balance of the after-tax profits shall be distributed to Shareholders in proportion to their shareholdings. If the Shareholders' general meeting distributes profits to Shareholders in violation of the provisions of the Company Law, the Shareholders shall return the profits distributed in violation of the provisions to the Company; and if the Company incurs losses, the Shareholders and the Directors and senior management members who are held liable shall be held liable for compensation. The Company's own shares held by the Company shall not participate in the distribution of profits.

The Company's reserve funds shall be used to make up the Company's losses, to expand the Company's production and operations or to be transferred to increase the Company's registered capital. The arbitrary reserve fund and statutory reserve fund should be used first to make up the Company's losses; if it cannot be covered, the capital reserve fund shall be used in accordance with the provisions. When the statutory reserve fund is converted into increased registered capital, the remaining amount of such reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

Internal Auditing

The Company shall implement its internal audit system, which specifies the leadership system, duties and responsibilities, staffing, financial protection, the use of audit results and accountability for internal audit. The Company shall assign full-time auditors to conduct supervision and inspection of the business activities, risk management, internal control, financial information and other matters of the Company.

Appointment of Accounting Firm

The Company's appointment of an accounting firm that complies with the securities regulatory rules of the place where the shares are **[REDACTED]** to audit accounting statements, conduct verification of net assets and other relevant consultation services shall have a term of 1 year and may be subject to renewal. The Company's appointment and dismissal of an accounting firm shall be decided by the Shareholders' general meeting. The Board of Directors shall not appoint any accounting firm prior to a decision made by the Shareholders' general meeting.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

A merger of the Company may take the form of a merger by absorption or a merger by new creation.

The absorption of one company into another is a merger by absorption and the absorbed company shall be dissolved. The merger of two or more companies to create a new company is a merger by creation and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of properties. The Company shall notify its creditors within 10 days, and shall make an announcement on a newspaper or National Enterprise Credit Information Publicity System within 30 days, from the date of the Company's resolution on the merger. The creditors shall have 30 days from the date of receipt of the notice, or 45 days from the date of announcement if they have not received the notice, to demand the Company to settle the debts or provide corresponding guarantees.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of properties.

The Company shall notify its creditors within 10 days, and shall make an announcement on a newspaper or National Enterprise Credit Information Publicity System within 30 days, from the date of the resolution made at the Shareholders' general meeting on the reduction of registered capital. Within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if the notice is not received, creditors shall have the right to demand the Company to settle the debts or provide corresponding guarantees.

When the Company reduces its registered capital, it shall reduce its shares in proportion to the shares held by Shareholders, unless otherwise provided by law or these Articles of Association.

In case of reduction of registered capital in violation of the Company Law, the Shareholders shall return the funds so received, and the reduced capital contribution of the Shareholders shall be restored to its original amount; in case of losses caused to the Company, the Shareholders and the responsible Directors and senior management members shall be held liable for compensation.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) the term of business provided for in these Articles of Association has expired or the occurrence of any other cause of dissolution provided for in these Articles of Association;

(ii) dissolution has been resolved by the Shareholders' general meeting;

(iii) dissolution is required for merger or division of the Company;

(iv) having its business licence revoked, ordered to be shut down or be deregistered in accordance with the law;

(v) where the Company has serious difficulties in its operation and management, and the continuation of the Company will cause significant losses to the interests of the Shareholders, and the problem cannot be solved through other means, Shareholders holding more than 10% of the voting rights of the Company may request a People's Court to dissolve the Company.

If the Company has any cause for dissolution specified in the preceding paragraph, it shall make public the cause of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

In case of items (i) or (ii) above, and if the Company has not yet distributed its property to its Shareholders, it may survive by amending these Articles of Association or by a resolution of the Shareholders' general meeting. Amendments to these Articles of Association or resolution of the Shareholders' general meeting in accordance with the preceding paragraph shall be approved by at least two-thirds of the votes held by the Shareholders present at the Shareholders' general meeting.

Where the Company is dissolved pursuant to items (i), (ii), (iv) or (v) above, the Company shall be liquidated. Directors shall be the liquidation obligors of the Company, and a liquidation team shall be formed, within 15 days from the occurrence of the events of dissolution, to perform liquidation. The liquidation team shall consist of the Directors, unless otherwise stipulated in these Articles of Association or otherwise selected by a resolution of the Shareholders' general meeting. If a liquidation obligor fails to perform his/her liquidation obligations in a timely manner, thereby causing losses to the Company or the creditors, such liquidation obligor shall be liable for compensation.

AMENDMENTS TO ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend its Articles:

(i) after the amendment of the Company Law or relevant laws or administrative regulations, or the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the matters as provided in the Articles conflict with the amended laws or administrative regulations, or the securities regulatory rules of the place where the Company's shares are **[REDACTED]**;

(ii) the circumstances of the Company have changed so that they are inconsistent with those provided in the Articles;

(iii) the Shareholders' general meeting decides to amend the Articles.

Where an amendment to the Articles of Association approved by the Shareholders' general meeting through a resolution shall be approved by competent authorities, such amendment shall be submitted to the competent authorities for approval. Where an amendment involves company registration, the registration shall be amended according to laws.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established in the PRC on September 3, 2012 and was converted to a joint stock limited company on December 26, 2022.

As of the date of this document, our Company's registered office is located at Office Buildings 1 and 5, Phase I, Optoelectronic Information Industrial Park, No. 7691, Ziyou Road, Changchun Economic and Technological Development Zone, Jilin Province, the PRC. Our Company has established a principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248, Queen's Road East, Wanchai, Hong Kong and [has been] registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [•] with the Registrar of Companies in Hong Kong. Mr. Cheng Ching Kit, one of our joint company secretaries, [has been] appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V — Summary of Articles of Association". A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix V — Summary of Principal Laws and Regulatory Provisions".

2. Changes in Share Capital of Our Company

As of the date of our establishment, our registered share capital was RMB20,000,000. On December 26, 2022, our Company was converted into a joint stock company with limited liability and our registered capital was 370,000,000 Shares with a nominal value of RMB1.00 each.

Upon completion of the **[REDACTED]** and conversion of **[REDACTED]** Shares into **[REDACTED]**, without taking into account any **[REDACTED]** which may be issued pursuant to the **[REDACTED]** and the **[REDACTED]** Share Option Scheme, our registered share capital will be increased to **[REDACTED]**, comprising **[REDACTED]** Shares and **[REDACTED]**, representing **[REDACTED]**% and **[REDACTED]**% of our registered capital, respectively.

For further details, see "History, Development and Corporate Structure" and "Share Capital" of this document. Save as disclosed in the "History, Development and Corporate Structure" in this document and above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Subsidiaries of our Company and Changes in Share Capital of Our Subsidiaries

Certain details of our subsidiaries are set out in "History, Development and Corporate Structure — Our Subsidiaries" and in the accountants' report as set out in Appendix I to this document. Save for the subsidiaries mentioned in note 1 of the accountants' report set out in Appendix I to this document, our Company has no other subsidiary.

Save as disclosed below, there has been no alteration in the share capital of the subsidiaries of our Company within two years immediately preceding the date of this document:

On December 2, 2024, there has been a registered capital increase contributed by the Company in an amount of RMB3,750,000 into Gpixel Hangzhou and thus the registered capital of Gpixel Hangzhou was increased from RMB11,250,000 to RMB15,000,000.

4. Shareholders' Resolutions

In accordance with the Shareholders' resolutions of our Company dated June 5, 2025, among other things, the following resolutions were passed by the Shareholders:

(a) the issue by our Company of **[REDACTED]** of nominal value of RMB1.00 each and such **[REDACTED]** be **[REDACTED]** on the Stock Exchange;

(b) the total number of **[REDACTED]** to be issued pursuant to the **[REDACTED]** shall be no more than 25% of the total issued share capital of the Company (before the exercise of the **[REDACTED]**) after the **[REDACTED]**;

(c) subject to the CSRC's approval, upon completion of the **[REDACTED]**, **[REDACTED]** Shares held by certain existing Shareholders will be converted into **[REDACTED]**;

(d) the abolishment of the board of supervisors of the Company in accordance with the relevant PRC laws and regulations;

(e) subject to the completion of the **[REDACTED]**, the conditional adoption of the Articles of Association, which shall become effective on the **[REDACTED]**, and the Board and its authorized persons have been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities; and

(f) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the **[REDACTED]**, the **[REDACTED]** and **[REDACTED]** of the **[REDACTED]**.

5. Reorganization

Our Company has not gone through any corporate reorganization for the purpose of the **[REDACTED]**. For details of history and development of our Company, see "History, Development and Corporate Structure" in this document.

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) have been entered into by us or any of our subsidiaries within the two years preceding the date of this document that are or may be material:

(i) a registered capital increase agreement entered into on November 22, 2024, by and among the Company, Zhejiang Industrial Fund and Gpixel Hangzhou, pursuant to which the Company agreed to contribute RMB300 million cash to subscribe for additional RMB3.75 million registered capital of Gpixel Hangzhou; and

(ii) the **[REDACTED]**.

2. Our Intellectual Property Rights

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Validity
1	Gpixel	PRC	56162799	The Company	9	2021.12.07–2031.12.06
2	Gpixel Inc.	PRC	13611201	The Company	9	2015.08.14–2025.08.13
3	长光圆芯	PRC	65342831	Changguang Yuanxin	38	2022.12.07–2032.12.06

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Validity
4		PRC	65354745	Changguang Yuanxin	37	2023.02.14–2033.02.13
5		PRC	65357675	Changguang Yuanxin	11	2023.02.14–2033.02.13
6		PRC	65354760	Changguang Yuanxin	42	2023.02.14–2033.02.13
7		PRC	65343999	Changguang Yuanxin	35	2023.02.07–2033.02.06
8		PRC	65342839	Changguang Yuanxin	40	2023.02.14–2033.02.13

(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent Name	Patentee	Patent Type	Place of registration	Patent Number	Application/ Approval Date	Expiry Date
1	Image Data Analog-to-digital Conversion Method and Image Sensor	The Company	Invention Patent	PRC	ZL201310021530.X	2013.01.21	2033.01.21
2	High-speed Global Shutter Image Sensor Pixel and Pixel Signal Sampling Method	The Company	Invention Patent	PRC	ZL201310459382.X	2013.09.29	2033.09.29
3	CMOS TDI Image Sensor and Charge Transfer Control Method	The Company	Invention Patent	PRC	ZL201310348765.X	2013.08.12	2033.08.12
4	High-speed Full-frame Shutter Image Sensor Pixel and Signal Transfer Control Method	The Company	Invention Patent	PRC	ZL201310459374.5	2013.09.29	2033.09.29

No.	Patent Name	Patentee	Patent Type	Place of registration	Patent Number	Application/ Approval Date	Expiry Date
5	High-speed Global Shutter Image Sensor Pixel and Pixel Signal Acquisition Method	The Company	Invention Patent	PRC	ZL201410132603.7	2014.04.02	2034.04.02
6	High Dynamic Range Image Sensor Pixels	The Company	Invention Patent	PRC	ZL201410132938.9	2014.04.02	2034.04.02
7	Back-illuminated TDI Image Sensor and Electronic Shutter Control Method.	The Company	Invention Patent	PRC	ZL201510111711.0	2015.03.14	2035.03.14
8	Pixel Signal Readout Method for Image Sensor	The Company	Invention Patent	PRC	ZL201510658913.7	2015.10.14	2035.10.14
9	High Dynamic Range Image Sensor Data Output Method and Device .	The Company	Invention Patent	PRC	ZL201510566167.9	2015.09.09	2035.09.09
10	Global Shutter Control Method for Pixels of Dual Transfer Gate High Dynamic Range Image Sensor	The Company	Invention Patent	PRC	ZL201610135783.3	2016.03.10	2036.03.10
11	CMOS TDI Image Sensor and Transfer Control Method	The Company	Invention Patent	PRC	ZL201610135831.9	2016.03.10	2036.03.10
12	Global Shutter Control Method for Pixels of High Dynamic Range Image Sensor	The Company	Invention Patent	PRC	ZL201610135768.9	2016.03.10	2036.03.10
13	High Dynamic Focal Plane Readout Circuit and Sampling Method . .	The Company	Invention Patent	PRC	ZL201610753008.4	2016.08.29	2036.08.29
14	High Speed Multi-phase Slope Analog-to-digital Converter . . .	The Company	Invention Patent	PRC	ZL201610752976.3	2016.08.29	2036.08.29
15	High-speed Analog-to-digital Conversion Device for Image Sensor	The Company	Invention Patent	PRC	ZL201710415738.8	2017.06.06	2037.06.06

No.	Patent Name	Patentee	Patent Type	Place of registration	Patent Number	Application/ Approval Date	Expiry Date
16	Low Noise and Wide Dynamic Range Image Sensor related to Multiple Sampling Circuit	The Company	Invention Patent	PRC	ZL201710180039.X	2017.03.24	2037.03.24
17	TDI Photosensitive Device and Image Sensor for Suppressing Image Mismatch	The Company	Invention Patent	PRC	ZL201810154578.0	2018.02.23	2038.02.23
18	Pixel Signal Interleaved Time-shift Readout Method for High Frame Rate Area Array Image Sensor . .	The Company	Invention Patent	PRC	ZL201910302389.8	2019.04.16	2039.04.16
19	High Dynamical Range TDI Image Sensor and Imaging Method . . .	The Company	Invention Patent	PRC	ZL202010166833.0	2020.03.11	2040.03.11
20	Method for Removing Background Light in Structured Light Imaging	The Company	Invention Patent	PRC	ZL202010363898.4	2020.04.30	2040.04.30
21	Low Temperature Testing Method for Back-illuminated CMOS Image Sensor	The Company	Invention Patent	PRC	ZL202010296316.5	2020.04.15	2040.04.15
22	Reducing Error Value Method for Image Sensor Sequential Circuit .	The Company	Invention Patent	PRC	ZL202011632309.4	2020.12.31	2040.12.31
23	CMOS Image Sensor and Manufacturing Method	The Company	Invention Patent	PRC	ZL202011630824.9	2020.12.30	2040.12.30
24	Image Sensor.	The Company	Invention Patent	PRC	ZL202011619567.9	2020.12.30	2040.12.30
25	New CMOS Image Sensor Pixel Structure	The Company	Invention Patent	PRC	ZL202011608526.X	2020.12.29	2040.12.29
26	Image Sensor.	The Company, Gpixel Hangzhou	Invention Patent	PRC	ZL202110501366.7	2021.05.08	2041.05.08

No.	Patent Name	Patentee	Patent Type	Place of registration	Patent Number	Application/ Approval Date	Expiry Date
27	Method and System for Testing CMOS Image Sensor	The Company	Invention Patent	PRC	ZL202011642675.8	2020.12.30	2040.12.30
28	Switchable Pixel Structure.	The Company	Invention Patent	PRC	ZL202011616729.3	2020.12.30	2040.12.30
29	High Dynamic Range Image Compression Method, Decompression Method and Image Sensor	The Company, Gpixel Hangzhou, Gpixel Belgium	Invention Patent	PRC	ZL202210831296.6	2022.07.15	2042.07.15
30	Pixel for Solid-state Imaging Device	The Company, Gpixel Japan	Invention Patent	PRC	ZL202010477639.4	2020.05.29	2040.05.29
31	Double-slope Double-edge Upward Counting Analog-to-digital Conversion Device and Conversion Method	The Company, Gpixel Hangzhou	Invention Patent	PRC	ZL202111512939.2	2021-12-11	2041.12.11
32	Optical Code Positioning Method, Device and Image Sensor Chip .	The Company, Gpixel Hangzhou	Invention Patent	PRC	ZL202111548837.6	2021-12-17	2041.12.17
33	Double-slope Single Edge Downward Counting Analog-to-digital Conversion Device and Conversion Method .	The Company, Gpixel Hangzhou	Invention Patent	PRC	ZL202111512938.8	2021-12-11	2041.12.11
34	Double-slope Single Edge Upward Counting Analog-to-digital Conversion Device and Conversion Method	The Company, Gpixel Hangzhou	Invention Patent	PRC	ZL202111512944.3	2021-12-11	2041.12.11
35	Double-slope Double Edge Downward Counting Analog-to-digital Conversion Device and Conversion Method .	The Company, Gpixel Hangzhou	Invention Patent	PRC	ZL202111512930.1	2021-12-11	2041.12.11

No.	Patent Name	Patentee	Patent Type	Place of registration	Patent Number	Application/ Approval Date	Expiry Date
36	Light Response Non-uniformity Correction Method on CMOS Image Sensor	The Company, Gpixel Dalian, Gpixel Hangzhou	Invention Patent	PRC	ZL202211266509.1	2022-10-17	2042.10.17
37	High-speed Analog-to-digital Conversion Method for Image Sensor and Device.	Gpixel Hangzhou	Invention Patent	PRC	ZL201510658919.4	2015.10.14	2035.10.14
38	Pixel Array for Linear Array Image Sensor and Object Surface Defect Detection Method	Gpixel Hangzhou	Invention Patent	PRC	ZL201811181670.2	2018.10.11	2038.10.11
39	Pixel Structure with High Sensitivity and Long Exposure Time	Gpixel Hangzhou	Invention Patent	PRC	ZL201910286920.7	2019.04.11	2039.04.11
40	High-speed Global Shutter Image Sensor Pixel and Pixel Signal Acquisition Method	Gpixel Hangzhou	Invention Patent	PRC	ZL202210569751.X	2022.05.24	2042.05.24
41	Infrared Detector Splicing Method	Changguang Yuanxin	Invention Patent	PRC	ZL201510454233.3	2015.07.29	2035.07.29
42	TOF sensor.	Gpixel Japan, Gpixel Belgium	Invention Patent	Japan	Texu No. 7211685	2021.07.01	2041.07.01
43	Pixels for Fixed Imaging Device	Gpixel Japan	Invention Patent	Japan	Texu No. 7557172	2020.03.06	2040.03.06
44	PIXEL AND GLOBAL SHUTTER IMAGE SENSOR	Gpixel Belgium	Invention Patent	USA	US11,843,011B2	2021.08.03	2041.08.17
45	HIGH DYNAMIC RANGE IMAGE SENSOR.	Gpixel Belgium	Invention Patent	USA	US11,943,556B2	2022.12.01	2042.12.01

No.	Patent Name	Patentee	Patent Type	Place of registration	Patent Number	Application/ Approval Date	Expiry Date
46	HIGH DYNAMIC RANGE IMAGE SENSOR.	Gpixel Belgium	Invention Patent	European Union	EP4192003B1	2021.12.02	2041.12.02
47	Back-illuminated CMOS Sensor Manufacturing Method, Electronic Impact CMOS Sensor Manufacturing Method, Pixel for Back-illuminated CMOS Sensor, and Electronic Impact CMOS Sensor	Gpixel Japan	Invention Patent	Japan	Texu No. 7624822	2020.11.4	2040.11.4
48	A High-speed TDI Image Sensor Pixel Unit and Image Sensor . . .	the Company Gpixel Hangzhou	Invention Patent	PRC	ZL202411766837.7	2024.12.04	2044.12.04
49	Manufacturing Method, Pixel for Back-illuminated and Electronic Impact CMOS Sensor	Gpixel Japan	Invention Patent	Japan	ZL202110169500.8	2021.02.07	2041.02.07

(c) Registered Integrated Circuit Layout Design

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following integrated circuit design layout which we consider to be or may be material to our business and has a term of ten years from the earlier date of (a) the application date, and (b) the initial commercialization date in any part of the world:

No.	Patentee	Design Name	Place of registration	Registration Number	Application Date
1	Gpixel Hangzhou.	GIS925	PRC	BS.215596056	2021.08.09
2	Gpixel Hangzhou.	GL4K	PRC	BS.215596080	2021.08.09
3	Gpixel Hangzhou.	GMAX3809	PRC	BS.215596099	2021.08.09
4	Gpixel Hangzhou.	GB1905	PRC	BS.215595998	2021.08.09
5	Gpixel Hangzhou.	GSENSE400	PRC	BS.215597095	2021.08.10

No.	Patentee	Design Name	Place of registration	Registration Number	Application Date
6	Gpixel Dalian	G6060BSI	PRC	BS.235503991	2023.01.30
7	Gpixel Dalian	GL8K	PRC	BS.235504033	2023.01.30
8	Gpixel Dalian	GLUX9701	PRC	BS.235504025	2023.01.30
9	Gpixel Dalian	GMAX0505	PRC	BS.235504017	2023.01.30
10	Gpixel Dalian	GSENSE2020BSI	PRC	BS.235504009	2023.01.30

(d) Copyrights

As of the Latest Practicable Date, we have registered the following copyright that we consider to be or may be material to our business:

No.	Name	Registered Owner	Registration Number	Registration Date
1	Chenchen	The Company	Guo Zuo Deng Zi -2024-F-00085504	March 20, 2024

(e) Domain Names

As of the Latest Practicable Date, we have registered the following domain name that we consider to be or may be material to our business:

No.	Domain Name	Expiry Date
1	gpixel.com	2027-02-27

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors and Chief Executive

(i) Disclosure of Interests — Interests and short positions of the Directors, and chief executive of our Company in the Shares, underlying Shares or debentures of our Company and our associated corporations

Immediately following completion of the **[REDACTED]** (assuming that **[REDACTED]** is not exercised), the interests or short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Interests in Shares and underlying Shares

Name and position	Description of Shares(1)	Nature of interests	Number of Shares after the [REDACTED]	Approximate percentage of interest in our Company immediately after the [REDACTED](2)
Dr. WANG Xinyang (executive Director)	**[REDACTED]** Shares (L)	Beneficial owner/interest in controlled corporation/interest of spouse	**[REDACTED]**	**[REDACTED]**%
	[REDACTED] (L)		**[REDACTED]**	**[REDACTED]**%
Dr. ZHANG Yanxia (executive Director)	**[REDACTED]** Shares (L)	Beneficial owner/interest of spouse	**[REDACTED]**	**[REDACTED]**%
	[REDACTED] (L)		**[REDACTED]**	**[REDACTED]**%

Name and position	Description of Shares[1]	Nature of interests	Number of Shares after the [REDACTED]	Approximate percentage of interest in our Company immediately after the [REDACTED][2]
Ms. YANG Yi (non-executive Director). .	**[REDACTED]** Shares (L)	Interest of spouse/interest in controlled corporation	**[REDACTED]**	**[REDACTED]**%
	[REDACTED] (L)		**[REDACTED]**	**[REDACTED]**%

Notes:

(1) The Letter "L" denotes the person's long position in our Shares.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised).

Save as disclosed above, none of the Directors or chief executive of our Company has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which shall be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken, or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or shall be or required to be, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to us and the Stock Exchange, in each case once our Shares are **[REDACTED]**.

(ii) Particulars of service agreements and appointment letters

Our Company [has] entered into a service agreement or an appointment letter with each of the Directors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observation of the Articles of Association.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts or appointment letters with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors' remuneration

Save as disclosed in the section headed "Directors and Senior Management — Remuneration Policy" of this document and under note 8 to the accountants' report set out in Appendix I to this document, no Director received any other fees, salaries, allowances, share-based compensation, pension schemes contribution and other benefits in kind (if applicable) from our Company in respect of each of the three years ended December 31, 2022, 2023 and 2024.

Based on the arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration payable to the Directors for the year ending December 31, 2025 will be approximately RMB5.6 million.

During the Track Record Period, no emoluments were paid by the Group to any of the directors, chief executive of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director or chief executive of the Company waived or agreed to waive any remuneration during the Track Record Period.

Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to the Directors or the five highest remunerated individuals.

Save as disclosed above, no Director is entitled to receive other special benefits from our Company.

2. Substantial Shareholders

(i) Interests in the Shares of our Company

For information on the persons (other than our Directors or chief executive of our Company) who will, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our

Company under the Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any other member of our Company, see "Substantial Shareholders" of this document.

Save as disclosed in the section headed "Substantial Shareholders" in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any member of our Group or had option in respect of such capital.

(ii) Interests in our Company's subsidiaries

Immediately following the completion of the **[REDACTED]**, assuming (i) the **[REDACTED]** has become unconditional and all **[REDACTED]** have been issued pursuant to the **[REDACTED]**; and (ii) the **[REDACTED]** have not been exercised, no person (other than our Company) will be interested, directly or indirectly, in 10% or more in any share class with the right to, in any event, vote at the general meeting of any other member (other than our Company) of our Group, save as disclosed as below:

LI Yanqing (李彥慶) (a director and general manager of Changguang Yuanxin) holds 29.41% equity interest in Changguang Yuanxin. Changguang Precision, an associate of UP OPTOTECH, our substantial shareholder, holds 11.76% equity interest in Changguang Yuanxin.

3. Directors' Competing Interests

None of our Company's Directors has any interests in any business which competes or is likely to compete, either directly or indirectly, with our Group's business.

4. Agency Fees or Commissions Paid or Payable

Save as disclosed in "**[REDACTED]**" section in this document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital or security of any member of our Group.

5. Disclaimers

Save as disclosed in this document:

(i) none of our Directors, chief executive of the Company or any of the parties listed in "— E. Other Information — 7. Qualification of Experts" is:

(a) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(b) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(ii) save in connection with the **[REDACTED]** and the **[REDACTED]**, none of the parties listed in "— E. Other Information — 7. Qualification of Experts":

(a) is interested legally or beneficially in any shares in any member of our Group; or

(b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(iii) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers of each year/period during the Track Record Period, except that Dr. Zhang holds less than 1% shareholding interest in Customer G, which was one of our top five customers for the year ended December 31, 2024; and

(iv) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the **[REDACTED]** are **[REDACTED]** on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. [REDACTED] SHARE OPTION SCHEME

Our Company adopted a **[REDACTED]** Share Option Scheme on June 20, 2023 which was further amended and approved on June 5, 2025 (the "**[REDACTED] Share Option Scheme**"). The following is a summary of the principal terms of the **[REDACTED]** Share Option Scheme:

1. Objectives

The **[REDACTED]** Share Option Scheme is to establish and improve the Company's long-term incentive mechanism, attract and retain outstanding talents, fully motivate the management and employees, and effectively align the interests of shareholders, the Company, and individuals at the management and staff levels, ensuring all parties jointly focus on the long-term development of the Company.

2. Administrations

The **[REDACTED]** Share Option Scheme's approval, alteration and termination are subject to Shareholders meetings. Our Board is authorized for the implementation of the **[REDACTED]** Share Option Schemes.

3. Eligibility

The eligible participants of the **[REDACTED]** Share Option Scheme are the directors, senior management, core technical personnel, core business personnel of the Group, and other employees whom the Company deems necessary to incentivize due to their direct impact on the Company's operational performance and future development, excluding independent directors. Foreign employees serving as the Company's directors, senior management, core technical personnel, or core business personnel may also qualify as eligible participants.

All eligible participants under the **[REDACTED]** Share Option Scheme must be employed by the Company or its subsidiaries and have executed an employment contract with the Company or its subsidiaries.

4. Grantees

There are total 26 grantees under the **[REDACTED]** Share Option Scheme. None of the grantees is director, senior management member, or connected person of the Company, save for three grantees as disclosed on "— D. **[REDACTED]** SHARE OPTION SCHEME — 13. Outstanding Share Options Granted under the **[REDACTED]** Share Option Schemes" below in this section.

5. Maximum Number of Shares

The **[REDACTED]** Share Option Scheme grants a total of 6,173,000 share options to the eligible participants.

Subject to the satisfaction of the exercise conditions, each share option granted to the incentive targets has the right to purchase one share of the Company's common stock at the exercise price on the exercise date.

There are no reserved entitlements under this **[REDACTED]** Share Option Scheme and the share options are granted in one lump sum.

6. Class of Shares

The underlying Shares under the **[REDACTED]** Share Option Scheme are the **[REDACTED]** to be issued to the specified participants by the Company. The Company will not grant any share option under the **[REDACTED]** Share Option Scheme after **[REDACTED]**.

7. Date of grant

The date of grant of all the options under the **[REDACTED]** Share Option Scheme is June 20, 2023 (the "**Grant Date**").

8. Validity

The **[REDACTED]** Share Option Scheme shall be valid and effective for the period of five years from June 20, 2023.

9. Vesting Period

The vesting period is the period between the Grant Date and the date when the options become exercisable (the "**Vesting Period**"). The end of the Vesting Period under this **[REDACTED]** Share Option Plan is the later of the following two dates: (1) the day before the first **[REDACTED]** day after 20 months from the Grant Date, and (2) the **[REDACTED]**.

10. Exercise Schedules

Subject to the satisfaction of the exercise conditions, the participants may exercise the options by instalments after the Vesting Period. The specific exercise arrangement is as follows:

Exercise period	Exercise time	Proportion of the exercisable number under the [REDACTED] Share Option Scheme the number of share options granted to the participants
The first exercise period .	From the first exercise date after the expiry of the Vesting Period until the last **[REDACTED]** day within 22 months after the expiry of the Vesting Period	50%
The second exercise period.	From the first **[REDACTED]** day after the expiry of the first exercise period until the last **[REDACTED]** day of the 29-month period after the expiry of Vesting Period	50%

11. Exercise Price

The exercise price of the share options granted to the participants under this **[REDACTED]** Share Option Scheme is RMB10.00 per Share. For the avoidance of doubt, the exercise price is fixed and will not be changed due to changes in the market value of the Company.

12. Restrictions

The lock-up period means the period of time during which the sale of shares acquired by the participants after exercise of the option is restricted. The lock-up provisions of this **[REDACTED]** Share Option Scheme are implemented according to the PRC Company Law, securities law, Listing Rules, and other relevant laws and regulations, regulatory documents and the securities regulatory rules applicable to the Company, including but not limited to:

1) The lock-up period is one year period from the date of the Company's **[REDACTED]**.

2) If the participants planning to sell Shares of the Company shall, 20 trading days prior to the initial sale, file the plan for the reduction of Shares with the board of Directors or the board secretary of the Company.

3) The annual percentage of Shares transferred shall not exceed 10% of the total stock options exercised.

4) If the participants makes other lock-up commitments on the Company's Shares, the transfer shall also comply with such commitments. participants shall comply with the above 1), 2) and 3) even if participants resigns his/her positions from the Group.

13. Outstanding Share Options Granted under the [REDACTED] Share Option Scheme

As of the Latest Practicable Date, the number of underlying Shares pursuant to the outstanding share options granted under the **[REDACTED]** Share Option Scheme amounted to 6,173,000 Shares, representing approximately **[REDACTED]**% of the issued Shares immediately following the completion of the **[REDACTED]** assuming that the **[REDACTED]** is not exercised.

A total number of 5,600,000 share options had been granted to our connected persons under the **[REDACTED]** Share Option Scheme.

The table below shows the details of share options granted to connected persons under the **[REDACTED]** Share Option Scheme:

Name	Relationship	Date of grant	Expiry Date	No. of underlying Shares pursuant to options granted	Exercise price	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED]
Wim Wuyts	Majority shareholder of the corporate director of Gpixel Belgium and sales management of Gpixel Belgium	June 20, 2023	June 20, 2028	1,540,000	RMB10.00	[REDACTED]%
Jan Bogaerts	Sole shareholder of the corporate director of Gpixel Belgium and R&D management of Gpixel Belgium	June 20, 2023	June 20, 2028	2,275,000	RMB10.00	[REDACTED]%

Name	Relationship	Date of grant	Expiry Date	No. of underlying Shares pursuant to options granted	Exercise price	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED]
Tim Baeyens.	Sole shareholder of the corporate director of Gpixel Belgium and management of Gpixel Belgium	June 20, 2023	June 20, 2028	1,785,000	RMB10.00	[REDACTED]%

Save as disclosed above, no share options had been granted to our Directors, members of senior management or any connected persons under the **[REDACTED]** Share Option Scheme.

Save as the three grantees disclosed above, the remaining 23 grantees who are not members of our Directors, members of our senior management or connected persons of our Company have been granted options to subscribe for 573,000 shares under the **[REDACTED]** Share Option Scheme. Please refer to below table for details.

Total number of grantees	Date of grant	Expiry date	No. of underlying shares pursuant to the options granted	Exercise price	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED]	Exercisable period
23.	June 20, 2023	June 20, 2028	573,000	RMB10.00	[REDACTED]%	Please see "— 10. Exercise Schedules" above

As of the Latest Practicable Date, all the options available for granting under the **[REDACTED]** Share Option Scheme have been fully granted and no further options could be granted pursuant to the **[REDACTED]** Share Option Scheme.

Assuming full exercise of the outstanding share options under the **[REDACTED]** Share Option Scheme, the shareholding of our Shareholders and earnings per Share immediately following the **[REDACTED]** will be diluted by approximately **[REDACTED]**%, calculated based on **[REDACTED]** Shares in issue immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

An application has been made to the Stock Exchange for the **[REDACTED]** of and permission to deal in the **[REDACTED]** which may be allotted and issued upon the exercise of the outstanding options pursuant to the **[REDACTED]** Share Option Scheme.

Our Company has applied for, and [has been granted], (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. See "Waivers and Exemptions" in this document for details.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the PRC law.

2. Litigation

During the Track Record Period and as of the Latest Practicable Date, we were not the defendant of 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 us, that would have a material adverse effect on our business, results of operations or financial conditions.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the **[REDACTED]** of the Stock Exchange for the **[REDACTED]** of, and permission to deal in the H Shares to be converted from **[REDACTED]** Shares and the **[REDACTED]** to be issued pursuant to the **[REDACTED]** (including the additional **[REDACTED]** which may be issued pursuant to the exercise of the **[REDACTED]**). All necessary arrangements have been made to enable our **[REDACTED]** to be admitted into **[REDACTED]**.

The Joint Sponsors will each be paid by our Company a fee of US$**[REDACTED]** to act as the Joint Sponsor to our Company in connection with the **[REDACTED]**.

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

4. Compliance Advisor

Our Company has appointed Guotai Junan Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the **[REDACTED]** of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.10% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Taxation and Foreign Exchange" in Appendix III to this document.

7. Qualification 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
CITIC Securities (Hong Kong) Limited	Licensed to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Guotai Junan Capital Limited .	Licensed to conduct type 6 (advising on corporate finance) regulated activity under the SFO

Name	Qualification
Jia Yuan Law Offices	Legal advisor as to PRC law
Frost & Sullivan	Independent industry consultant
Ernst & Young	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
King & Wood Mallesons	Legal advisor as to International Sanctions Laws

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Consent of Experts

Each of the experts whose names are set out in paragraph 7 above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

9. Promoters

The promoters of our Company are as follows:

1 Dr. Wang
2 UP OPTOTECH
3 Zhuhai Yunchen
4 Luster
5 Zhuhai Xuchen
6 Dr. Ma
7 Dr. Zhang
8 Zhuhai Qixin
9 Hillhouse Yurun
10 Xianjin Zhizao
11 Guoce Xiangchi
12 Xiamen Yuanfeng
13 Huashun Guangzhou
14 LIU Yang
15 LI Yang
16 Shenzhen Jiusi
17 Juyuan Xincheng
18 QIN Hao
19 Wuhu Tuochen
20 Suzhou Fangguang
21 Yibin Chendao
22 Shengyu Huatian
23 Zhongke Chuangxing
24 Changzhou Fangguang
25 Pingyang Yuanxin
26 Zhongke Xiandao
27 Donghu Guolong
28 Ningbo Yuxi
29 Zhongke Ketou
30 Thriving Capital
31 Jilin Yuanheng

Within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this document.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. 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 in so far as applicable.

12. 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 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

13. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in note 35 of the Accountants' Report set out in Appendix I to this document.

14. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) 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; and

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) there is no arrangement under which future dividends are waived or agreed to be waived;

(iii) there are no contracts for hire or hire purchase of plan to or by us for a period of over one year which are substantial in relation to our business;

(iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries; and

(v) there are no outstanding debentures or convertible debt securities of our Company or any of our subsidiaries.

(c) none of our Directors or experts (as named in this document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date 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) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(e) none of our equity and debt securities is presently **[REDACTED]** on any stock exchange or traded on any trading system and no such **[REDACTED]** or permission to **[REDACTED]** is being or is proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 8. Consent of Experts"; and

(b) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.gpixel.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Company for the three years ended December 31, 2022, 2023 and 2024;

(d) the report on **[REDACTED]** financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by Jia Yuan Law Offices, our PRC Legal Advisor, in respect of the general matters of our Group;

(f) the industry report prepared by Frost & Sullivan, the summary of which is set forth in "Industry Overview" in this document;

(g) the terms of the **[REDACTED]** Share Option Scheme;

(h) a copy of each of the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures for 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》), together with their unofficial English translations;

(i) the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts";

(j) the written consents referred to in "Appendix VI — Statutory and General Information — E. Other Information — 8. Consent of Experts"; and

(k) the service contracts and the letters of appointment referred to in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Directors and Chief Executive — (ii) Particulars of service agreements and appointment letters".

DOCUMENT AVAILABLE FOR INSPECTION

A full list of the grantees of outstanding share options granted under the **[REDACTED]** Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection at our Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248, Queen's Road East, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.