Application Proof of

SENASIC Electronics Technology Co., Ltd.*
琻捷電子科技(江蘇)股份有限公司

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

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SENASIC Electronics Technology Co., Ltd.*
琻捷電子科技(江蘇)股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to [REDACTED])**
Nominal value	**:**	**RMB0.05 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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

CICC 中金公司　　國泰君安國際 GUOTAI JUNAN INTERNATIONAL

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Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high investment risks including risks of share price volatility and inflated valuation due to the difficulty in valuing such companies. [REDACTED] should fully understand the [REDACTED] risks of a Specialist Technology Company and the risks disclosed by our Company before making their [REDACTED] decisions.

[REDACTED]

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IMPORTANT

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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. You should read the whole document before you decide to **[REDACTED]** *in the* **[REDACTED]**. *In particular, we are a specialist technology company seeking to* **[REDACTED]** *on the* **[REDACTED]** *of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules* **[REDACTED]**. *There are unique challenges, risks and uncertainties associated with* **[REDACTED]** *in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had net cash used in operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* **[REDACTED]** *decision should be made in light of these considerations.*

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

OUR MISSION

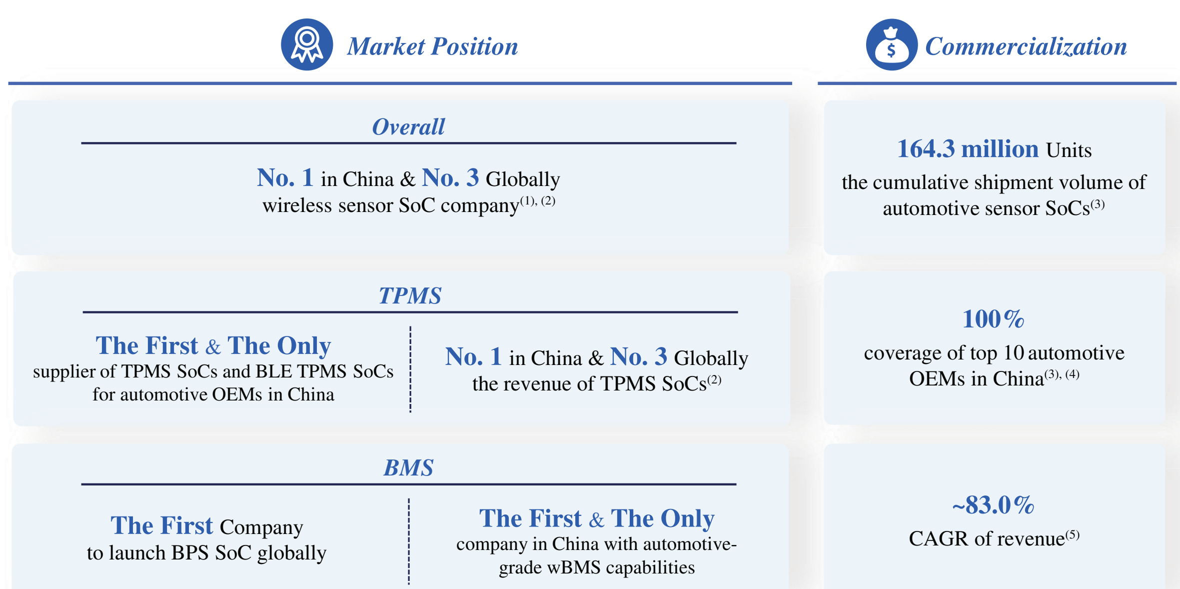
Empower the future of intelligence with innovative sensor SoCs.

創「芯」賦能,智啟未來。

WHO WE ARE

We are a global leader and pioneer in wireless sensor SoCs, dedicated to providing innovative sensor chips. We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024, according to the F&S report.

We have spearheaded the wireless integration and SoC architecture of sensor chips. Recognizing wireless sensor SoCs as pivotal growth engines in automotive electronics, we secured first-mover advantage by mass-producing high-performance automotive-grade wireless sensor SoCs since 2018. Leveraging our deep domain expertise and scalable SoC platform, we are able to deploy these innovations in other high-growth verticals such as energy storage and industrial electronics since 2021, where our wireless sensor SoCs enable next-gen capabilities. The following chart demonstrates our accomplishments to date.



(1) In terms of revenue
(2) In 2024
(3) As of June 30, 2025
(4) Based on product adoption, in terms of sales volume in 2024
(5) In 2022-2024

OUR PRODUCT PORTFOLIO

Intelligent Tire Sensing SoCs. We achieved the mass production of our TPMS SoCs, our major product for intelligent tire sensing, in 2018. We are the first supplier in China that had achieved mass production of TPMS chips, according to the F&S report. We established first-mover advantage when China promulgated the mandatory standard for TPMS of passenger cars in 2017 (i.e., Performance Requirements and Test Methods of Tire Pressure Monitoring System for Passenger Cars (乘用車輪胎氣壓監測系統的性能要求和試驗方法) (GB 26149-2017), implemented from 2020. Pursuant to such standard, our TPMS SoCs are adopted in Type I TPMS (i.e., sensor-based), which is the predominant TPMS solution for passenger vehicles in China, according to the F&S report. We are also the first supplier in China that had achieved mass production of BLE TPMS chips, according to the F&S report, ready to capitalize on the expedited intelligent upgrades of NEVs in China that require TPMS sensors to achieve high data rates, high bandwidth and bi-directional communications. BLE TPMS solutions are emerging as the new industry trend due to their high integration and platform-based advantages, according to the same source. Additionally, we are the first and the only supplier of TPMS SoCs and BLE TPMS SoCs for automotive OEMs in China, according to the same source.

BMS SoCs. In 2021, we achieved the mass production of our BPS SoCs, one of our major BMS products, to address the challenges of early fault detection in thermal scenarios. We fortified our first-mover advantage with the launch of such product, when China promulgated the mandatory safety standard of the power batteries for EVs in 2020 (i.e., Electric Vehicles Traction Battery Safety Requirements (電動汽車用動力蓄電池安全要求) (GB 38031-2020), requiring five-minute advance warnings before thermal runaway. We remain our leading position in this market segment, ranking No.1 globally in terms of the revenue of BPS SoC products in 2024, according to the F&S report.

We continue to achieve breakthroughs with BMS SoCs, with the launch of new-generation BPS SoC product that meets the elevated safety standard of power batteries from passive alerts to proactive defense. In 2025, a more stringent mandatory requirement was promulgated for the power batteries for EVs in China, which mandates that power batteries must not ignite or explode for at least two hours following a thermal runaway event, and will be implemented from July 2026. We developed the first BPS chip in China that met such new mandatory standard, according to the F&S report.

Drawing from our deep expertise in BMS SoCs, we are pioneering the development of SoCs based on wireless battery monitoring system, or wBMS technology—a future-facing architecture with the potential to redefine battery monitoring systems. wBMS SoCs offer transformational benefits by significantly enhancing battery cell monitoring reliability and precision, streamlining battery pack assembly, reducing wiring complexity and overall cost, and driving battery system intelligence. Specifically, compared with traditional wired BMS solutions, wBMS SoCs eliminate bulky wiring harnesses and enables modular pack design to achieve overall production cost savings. They also offer critical value by improving connection reliability and mitigating mechanical failure, minimizing peripheral component costs, and enhancing the maintainability of battery packs (e.g., in energy storage systems, battery packs can be swapped in and out rather than plug in and out wiring harnesses). By virtue of the unique benefits offered by wBMS SoCs, the market for wBMS SoCs is projected for long-term growth, with global revenue increasing from RMB0.1 billion in 2026 to RMB20.7 billion by 2030, at a CAGR of 270.2%, according to the F&S report. We began to generate revenue in connection with our wBMS SoCs in 2025. Our wBMS SoCs had entered into front-end validation and were in the process of obtaining formal designation from leading cell and battery manufacturers in China as of the Latest Practicable Date.

USI SoCs. We achieved the mass production of our USI SoCs in 2021, which has enabled us to diversify the application scenarios of our products. USI SoCs are characterized by applications in a wide range of sensors such as air conditioning pressure sensor, intelligent chassis brake pressure sensor and vehicle acceleration sensor. We identified that the USI SoCs address critical demands, e.g., (1) the replacement of legacy components of traditional internal combustion engine vehicles, such as TMAP sensors for intake manifold pressure, engine oil pressure sensors, and transmission pressure sensors; and (2) emerging applications in NEVs, including sensors for air conditioning systems, and for monitoring pressure, temperature and humidity and intelligent chassis pressure.

OUR BUSINESS AND FINANCIAL PERFORMANCE

We achieved robust growth and continually improved gross profit margin during the Track Record Period. Our total revenue increased from RMB103.8 million for 2022 to RMB223.5 million for 2023 and further to RMB347.5 million for 2024, at a CAGR of 83.0%. Our total revenue increased by 27.1% from RMB123.4 million for the six months ended June 30, 2024 to RMB156.8 million for the six months ended June 30, 2025. In 2022, 2023 and 2024, our key customer retention rate was 92.3%, 97.6% and 93.8%, respectively, and the net dollar retention rate of key customers was 113.0%, 231.3% and 159.0% for the same periods, respectively. Our gross profit margin increased from 15.4% in 2022 to 16.6% in 2023 and further to 20.3% in 2024 and 27.1% in the six months ended June 30, 2025.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (1) leader and pioneer of wireless sensor SoCs, spearheading the high-barrier, mission-critical automotive sensor chip market; (2) efficient and adaptive sensor SoC platform empowered by full-stack proprietary technologies, enabling product capabilities; (3) customer-centric development, fostering synergistic partnerships and strong customer base; (4) extensive supply chain coordination experience and high-quality fulfillment capabilities, empowering proven record of large-scale delivery; (5) expanding applications in in-vehicle sensing and natural extension to adjacent fields to seize broader commercialization opportunities; and (6) seasoned and visionary management team and strategic collaborations with industry shareholders, supporting sustained innovation.

See "Business—Our Competitive Strengths."

OUR GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) commit to innovations to seize market opportunities and reinforce technology leadership; (2) advance product development to expand product portfolio and application scenarios; (3) reinforce collaborations with our blue-chip customers and expand our customer base; (4) pursue overseas expansion and enhance global influence; and (5) build a robust talent pipeline to sustain innovation and growth.

See "Business—Our Growth Strategies."

OUR RESEARCH AND DEVELOPMENT

Our technological capabilities are the cornerstone for our value proposition. Since our inception, we have established a proprietary sensor SoC platform that integrates sensing, processing and wireless transmission capabilities, coupled with wireless radio frequency technologies, automotive-grade SoC capabilities and engineering capabilities, which together form our technology foundation. See "Business—Our Technology Foundation."

Through years of R&D efforts, we have built extensive expertise in the field of sensor SoCs, in particular wireless sensor SoCs. We continuously expand our product portfolio, updating existing products and introducing cost-effective new solutions to enhance competitiveness. By intensifying R&D commitments, accelerating market response times and enhancing operational efficiency, we aim to solidify and extend our competitive edge in the industry. See "Business—Research and Development."

SPECIALIST TECHNOLOGY INDUSTRY

Our industry consultant confirms and our Directors are of the view that our [**REDACTED**] fall within an acceptable sector of a Specialist Technology Industry, namely, Semiconductors under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers during the Track Record Period primarily include direct sales customers in relevant downstream sectors, in particular Tier 1 suppliers, as well as distributors. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our top five customers for each period during the Track Record Period accounted for 41.2%, 35.6%, 52.1% and 46.8% of our total revenue of such period, respectively, and revenue generated from our largest customer for each period during the Track Record Period accounted for 15.4%, 9.2%, 25.2% and 22.9% of our total revenue in the same periods, respectively. See "Business—Customers."

Our Suppliers

Our suppliers primarily consist of (1) wafer foundries, and (2) chip packaging and testing service providers. Our suppliers are primarily located in China. In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our top five suppliers for each period during the Track Record Period accounted for 72.8%, 52.6%, 64.5% and 63.9% of our total purchase amount of such period, respectively, and the purchase from our largest supplier for each period during the Track Record Period accounted for 21.1%, 13.8%, 21.9% and 20.6% of our total purchase amount in the same periods, respectively. See "Business—Suppliers."

RISK FACTORS

Our business and operations involve certain risks and uncertainties including those set out in the "Risk Factors" section in this document. Some of the major risk factors that we face include: (1) failure to keep up with the constantly evolving and developing industries; (2) limited operating history and commercialization record; (3) unsuccessful execution of growth strategies; (4) failure to retain existing customers or attract new customers; (5) failure to compete with our competitors; (6) failure to fully maintain the quality control over our products and to price our product effectively; (7) failure to enhance our brand recognition and sales and marketing capabilities; and (8) failure to maintain relationship with our distributors and to manage our distribution network. As different [**REDACTED**] may have different interpretations and criteria when determining the significance of a risk, you should carefully read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our Shares.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss items for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue	103,800	100.0	223,483	100.0	347,540	100.0	123,359	100.0	156,812	100.0
Cost of sales	(87,779)	(84.6)	(186,337)	(83.4)	(276,936)	(79.7)	(106,098)	(86.0)	(114,264)	(72.9)
Gross profit	**16,021**	**15.4**	**37,146**	**16.6**	**70,604**	**20.3**	**17,261**	**14.0**	**42,548**	**27.1**
Loss from operations	(82,320)	(79.3)	(188,663)	(84.4)	(99,880)	(28.6)	(49,602)	(40.2)	(16,566)	(10.6)
Loss before taxation	**(203,477)**	**(196.0)**	**(355,400)**	**(159.0)**	**(351,339)**	**(101.0)**	**(129,617)**	**(105.1)**	**(143,263)**	**(91.3)**
Income tax	(1,171)	(1.2)	(401)	(0.2)	–	–	–	–	–	–
Loss for the year/ period	**(204,648)**	**(197.2)**	**(355,801)**	**(159.2)**	**(351,339)**	**(101.0)**	**(129,617)**	**(105.1)**	**(143,263)**	**(91.3)**

Summary of Consolidated Statements of Balance Sheet

The following table sets forth a summary of our consolidated balance sheet as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Total non-current assets	111,804	40,862	26,774	24,333
Total current assets	376,868	593,235	665,962	650,302
Total current liabilities	213,909	91,114	111,824	108,730
Net current assets	162,959	502,121	554,138	541,572
Total assets less current liabilities	274,763	542,983	580,912	565,905
Total non-current liabilities	763,054	1,383,256	1,740,531	1,867,696
Net liabilities	**(488,291)**	**(840,273)**	**(1,159,619)**	**(1,301,791)**
Total deficit	**(488,291)**	**(840,273)**	**(1,159,619)**	**(1,301,791)**

See "Financial Information—Discussion of Certain Balance Sheet Items."

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Operating loss before changes in working capital	(67,358)	(90,592)	(76,641)	(41,577)	(11,693)
Working capital changes	(83,326)	30,242	(60,481)	(14,873)	(103,141)
Cash used in operations	(150,684)	(60,350)	(137,122)	(56,450)	(114,834)
Income tax paid	(1,507)	(820)	–	–	–
Net cash used in operating activities	(152,191)	(61,170)	(137,122)	(56,450)	(114,834)
Net cash (used in)/ generated from investing activities	(69,015)	(260,980)	(43,839)	31,632	151,938
Net cash generated from/(used in) financing activities	313,767	297,431	171,244	(2,351)	(2,324)
Cash and cash equivalents at the beginning of the year/period	30,963	123,524	98,805	98,805	89,088
Cash and cash equivalents at the end of year/period	**123,524**	**98,805**	**89,088**	**71,636**	**123,868**

Key Financial Ratios

	As of/for the year ended December 31,			As of/for the six months ended June 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Profitability:					
Gross profit margin	15.4%	16.6%	20.3%	14.0%	27.1%
Liquidity:					
Current ratio(1)	1.8	6.5	6.0	N/A	6.0
Quick ratio(2)	1.0	5.1	4.6	N/A	3.8

(1) The calculation of current ratio is based on current assets divided by current liabilities as of period end.
(2) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.

See "Financial Information—Key Financial Ratios" for details.

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the HKFRS Accounting Standards, we also use adjusted loss for the year/period (non-HKFRS measure) as additional financial measure, which is not required by, or presented in accordance with, the HKFRS Accounting Standards. We believe that such non-HKFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. 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 they help our management. However, our presentation of adjusted loss for the year/period 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 them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards.

We define adjusted loss for the year/period (non-HKFRS measure) as loss for the year or period adjusted for changes in the carrying amount of liabilities recognized for financial instruments issued to investors, equity-settled share-based payment expenses and impairment losses on goodwill. Equity-settled share-based payment expenses are non-cash expenses arising from the share incentives that we grant to employees. Changes in the carrying amount of liabilities recognized for financial instruments issued to investors represent changes in the carrying amount of our Shares with preferential rights, which are measured at the higher amount expected to be paid to the investors upon redemption or liquidation, which is assumed to be at the dates of issuance and at the end of each reporting period. We do not expect to record any further changes in the carrying amount of such Shares as they will be redesignated to equity upon the completion of the [**REDACTED**]. Impairment losses on goodwill in 2023 arose from our acquisition of Gainsil. Such impairment loss only has a one-off impact on our results of operations and we did not incur similar impairment loss during the Track Record Period. The following table sets out a reconciliation from adjusted loss for the year/period (non-HKFRS measure) indicated to the most directly comparable financial measure calculated and presented in accordance with the HKFRS Accounting Standards, which is loss for the year/period.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Loss for the year/period	(204,648)	(355,801)	(351,339)	(129,617)	(143,263)
Add: changes in the carrying amount of liabilities recognized for financial instruments issued to investors	118,979	164,506	251,161	79,896	126,468
Add: equity-settled share-based payment expenses	2,103	3,819	2,978	1,812	1,091
Add: impairment losses on goodwill	–	76,136	–	–	–
Adjusted loss for the year/period (non-HKFRS measure)	**(83,566)**	**(111,340)**	**(97,200)**	**(47,909)**	**(15,704)**

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

During the Track Record Period and up to the date of this document, Dr. Li and Mr. Li have acted in concert with each other and jointly controlled our Company. As of the Latest Practicable Date, Dr. Li and Mr. Li have jointly, directly and indirectly through Shanghai Chuangyingrui, Shanghai Ruixinchuang, Shanghai Yaojun and Gongqingcheng SENASIC, controlled approximately 32.25% of our total issued share capital. Upon the [**REDACTED**], and assuming the [**REDACTED**] is not exercised, Dr. Li and Mr. Li will be entitled to, directly and indirectly through Shanghai Chuangyingrui, Shanghai Ruixinchuang, Shanghai Yaojun and Gongqingcheng SENASIC, exercise [**REDACTED**]% voting rights in our Company. Therefore, Dr. Li, Mr. Li, Shanghai Chuangyingrui, Shanghai Ruixinchuang, Shanghai Yaojun and Gongqingcheng SENASIC will be our Single Largest Group of Shareholders. See "Relationship with Our Single Largest Group of Shareholders" for more information.

PRE-[REDACTED] INVESTMENTS

Since our establishment, we have attracted many reputable sophisticated investors to invest in our Company such as Mixed Reform Fund SII, Jingwei SII, CVC SII and certain industrial investors including Chendao SII, Huaxin Chuangyuan SII, Shangqi Capital SIIs and Geely SII. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" for details.

CSRC FILING

We submitted a filing to the CSRC for application of the [**REDACTED**] and the [**REDACTED**] on [●], 2025 and received notice of completion of filing issued by the CSRC on [●], 2025.

DIVIDENDS

We are a holding company incorporated under the laws of the PRC. During the Track Record Period, we did not declare or pay any dividends. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since June 30, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (1) the [**REDACTED**] has been completed and [**REDACTED**]; (2) [**REDACTED**] for the [**REDACTED**] is not exercised; and (3) the financial instruments issued to investors are converted into equity following the completion of the [**REDACTED**]:

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]**
[**REDACTED**][1]	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share[2]	HK$[**REDACTED**]	HK$[**REDACTED**]

(1) Assuming [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**].

(2) Assuming [**REDACTED**] Shares (taking into account of the effect of the Share Subdivision) are in issue and that the [**REDACTED**] had been completed on [**REDACTED**], without taking into account of (i) the Shares issued to China Venture Capital Xinzhi Equity Investment Fund (Guangzhou) Partnership (Limited Partnership) in August 2025 (as detailed in Note 33 of Appendix I to this document); and (ii) the Shares that may be issued for the Employee Incentive Scheme.

[**REDACTED**]

[**REDACTED**]

USE OF [REDACTED]

We estimate that the net [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**], will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the indicative range of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), without the exercise of the [**REDACTED**].

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for expanding our business scale and accelerating the commercialization of our new products;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for the enhancement of our R&D capabilities for advanced technologies and foundational technologies in intelligent tire sensing SoCs, BMS SoCs and USI SoCs;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our domestic and international sales network and enhance our global market presence;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for strategic investment or acquisition to achieve long-term development goals; and

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for working capital and other general corporate purposes.

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

[**REDACTED**]

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

"Accountants' Report"	the accountants' report of our Group for the Track Record Period as set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on August 28, 2025 with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

"China" or "PRC"	the People's Republic of China excluding for the purpose of this document, Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "Companies (WUMP) 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"	SENASIC Electronics Technology Co., Ltd. (琻捷電子科技(江蘇)股份有限公司) (formerly known as Nanjing Yingruichuang Electronics Co., Ltd. (南京英鋭創電子科技有限公司) and Ningbo SENASIC Electronics Technology Co., Ltd. (寧波琻捷電子科技有限公司) successively), a limited company established in the PRC on March 18, 2015 and converted into a joint stock company with limited liability in the PRC on November 7, 2024
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dr. Li"	Dr. Li Mengxiong (李夢雄), our co-founder, the chairman of the Board, executive Director and general manager
"Employee Incentive Scheme"	the employee incentive scheme adopted by our Company in December 2015
"ESOP Platforms"	Shanghai Ruixinchuang and Shanghai Chuangyingrui

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan, an independent market research and consulting company, our industry consultant
"F&S report"	an industry research report prepared by Frost & Sullivan and commissioned by our Company
"Gainsil"	Juxun Semiconductor Technology (Shanghai) Co., Ltd. (聚洵半導體科技(上海)有限公司), our wholly-owned subsidiary

[**REDACTED**]

"Gongqingcheng SENASIC"	Gongqingcheng SENASIC Investment Partnership (Limited Partnership) (共青城琻捷投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC in 2022, which is controlled and managed by Dr. Li
"Group," "our Group," "we," "us" or "our"	our Company and its subsidiaries from time to time, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the entities or the predecessors of the present subsidiaries (as the case may be) which carried on the business of the present Group at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary Shares issued in the share capital of our Company with a nominal value of RMB0.05 each, which will be subscribed for and traded in HKD and listed on the Stock Exchange

[**REDACTED**]

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

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

[**REDACTED**]

"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

"Joint Sponsors"	the joint sponsors of the [**REDACTED**] of the H Shares on the Hong Kong Stock Exchange as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document

[**REDACTED**]

"Latest Practicable Date"	September 1, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

[**REDACTED**]

"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Li"	Mr. Li Shuguang (李曙光), our co-founder and executive Director
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行)

"PRC Legal Advisor"	King & Wood Mallesons (北京市金杜律師事務所), the legal advisor of our Company as to PRC laws
"Pre-[**REDACTED**] Investment(s)"	the existing Shareholder(s) who participated in our Pre-[**REDACTED**] Investments, details of which are set out in "History, Development and Corporate Structure"
"Pre-[**REDACTED**] Investor(s)"	the existing Shareholder(s) who participated in our Pre-[**REDACTED**] Investments, details of which are set out in the section headed "History, Development and Corporate Structure" in this document. For the definition of each Pre-[**REDACTED**] Investor, see "History, Development and Corporate Structure—Capitalization of Our Company" for details

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Chuangyingrui"	Shanghai Chuangyingrui Enterprise Management Partnership (Limited Partnership) (上海創英鋭企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC in 2021 which is one of our ESOP Platforms and a member of our Single Largest Group of Shareholders
"Shanghai Ruixinchuang"	Shanghai Ruixinchuang Enterprise Management Partnership (Limited Partnership) (上海鋭芯創企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC in 2017 which is one of our ESOP Platforms and a member of our Single Largest Group of Shareholders

"Shanghai SENASIC"	Shanghai SENASIC Electronics Technology Co., Ltd. (上海琻捷電子科技有限公司), a wholly-owned subsidiary of our Company established on January 9, 2019
"Share(s)"	ordinary share(s) with nominal value RMB0.05 each upon the completion of the Share Subdivision; before the completion of the Share Subdivision, ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Share Subdivision"	the subdivision of each of our Share with nominal value of RMB1 into 20 Shares with nominal value of RMB0.05 each
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	the single largest group of Shareholders which comprise Dr. Li, Mr. Li, Shanghai Chuangyingrui, Shanghai Ruixinchuang, Shanghai Yaojun and Gongqingcheng SENASIC

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.05 each, which is/are subscribed for and paid up in Renminbi by domestic investors and not listed or traded on any stock exchange
"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
"%"	per cent

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

This glossary contains certain technical terms used in this document in connection with our Company and our business. Such terms and their meanings may not correspond to standard industry definitions or usage.

"ADAS"	advanced driver assistance system, which is designed to assist drivers in the operation and safety of vehicles, by utilizing various sensors, cameras and software algorithms to provide additional functionalities and enhance the driving experience
"ADC"	analog-to-digital converter, an important component when it comes to dealing with digital systems communicating with real-time signals, used to convert conditioned analog signals into a stream of digital data so that the data acquisition system can process them for display, storage, and analysis
"AEC-Q"	Automotive Electronic Council ("AEC") qualification standard, which is derived by AEC component technical committee for electrical components and their qualification requirement
"AEC-Q100 Grade 1 standard"	a failure mechanism based stress test qualification for packaged integrated circuits used in automotive applications
"AFE"	analog front end, a circuit block used to interface sensors with digital processors by conditioning and converting analog signals
"AI"	artificial intelligence, the ability of a machine or computer system to perform tasks that typically require human intelligence
"ASIC"	application-specific IC, a type of motor control chip that is customized to the needs of a specific application
"ASIL"	automotive safety integrity level, a risk classification system defined by the ISO 26262 standard for the functional safety of road vehicles
"automotive-grade"	an automotive-grade chip refers to a chip that is specifically designed, manufactured and qualified to meet the stringent requirements and standards of the automotive industry (such as AEC-Q100) Grade 1 standard, for which "automotive-grade" is commonly used in the automotive industry, according to the F&S report
"automotive OEM"	original equipment manufacturer, which assembles and installs automotive parts during the construction of a new vehicle, which is a commonly used and recognized term in the automotive industry, according to the F&S report

"BLE"	Bluetooth low energy, a wireless personal area network technology designed for applications requiring low power consumption
"BAS"	battery aerosol sensor
"BMS"	battery monitoring system
"BPS"	battery pressure sensor
"CAGR"	compound annual growth rate
"EDA"	electronic design automation, a category of software tools used for designing electronic systems, particularly integrated circuits and PCBs
"EMC"	electromagnetic compatibility, the ability of electronic devices and systems to function properly in their electromagnetic environment without causing or experiencing interference
"EMI"	electromagnetic interference, the disturbance generated by an external source that affects an electrical circuit by electromagnetic induction, electrostatic coupling, or conduction
"EV"	electric vehicles
"eVTOL"	electric vertical take-off and landing
"fabless"	the development, design and sale of semiconductor chips while outsourcing their wafer fabrication, packaging and testing services to a specialized manufacturer called a semiconductor foundry
"IC" or "integrated circuit"	integrated circuits, a set of electronic circuits on one small plate of semiconductor material
"IEC" or "International Electrotechnical Commission"	an organization for the preparation and publication of international standards for all electrical, electronic and related technologies
"ISO"	International Organization for Standardization, an international non-governmental organization that develops and publishes standards to ensure quality, safety and efficiency across various industries
"ISO 26262"	an international standard for automotive functional safety which applies to electrical and electronic systems consisting of hardware and software components
"key customers"	customers whose revenue contribution to our Group exceeds RMB1.0 million for a given fiscal year

"key customer retention rate"	calculated by dividing the number of key customers from both current and previous periods by the number of key customers from the previous period, multiplied by 100%
"MCU"	microcontroller unit, a chip that integrates a microprocessor core, memory, and peripheral interfaces, which is typically used to control the operation of embedded systems and is widely used in electronic products
"MEMS"	micro-electro-mechanical system, miniature devices that integrate mechanical and electrical components
"net dollar retention rate of key customers"	calculated by dividing the revenue of a current period from key customers from both current and previous periods by the revenue of the previous period of such customers, multiplied by 100%
"NEV"	new energy vehicles
"PCB"	printed circuit board, a board with electronic circuits connecting various components
"RF" or "radio frequency"	a measurement of the oscillation rate of electromagnetic radiation spectrum or electromagnetic radio waves
"PPM"	parts per million, a metric used to measure the quality of a product or system, indicating how many defects or failures are expected in every one million products or components
"R&D"	research and development
"SMT"	surface mounting technology, a method for producing electronic circuits in which components are mounted directly onto the surface of printed circuit boards
"SoC" or "system-on-chip"	programmable integrated circuit(s) that integrates central processing unit, memory interfaces, on-chip input/output devices, input/output interfaces and secondary storage interfaces
"sensor"	a device that measures or detects real-world conditions, such as motion, heat or light, and converts the conditions into analog or digital representations
"tape-out"	the final result of the design process for integrated circuits before they are sent for manufacturing

"Tier 1 suppliers"	a company that supplies parts or systems directly to automotive OEMs. Other types of suppliers in the automotive industry include Tier 2 and Tier 3 suppliers. Tier 2 suppliers supply to Tier 1 suppliers. Tier 3 suppliers supply to Tier 2 suppliers. According to the F&S report, the term "Tier 1 supplier" is commonly used and recognized in the automotive industry
"TMAP sensors"	temperature and manifold absolute pressure sensor, an integrated electronic component in an internal combustion engine that measures the absolute pressure inside the intake manifold and the temperature of the intake air
"TPMS"	tire pressure monitoring system
"USI"	universal sensor interface
"USS"	ultrasonic sensor system
"wafer"	a thin slice of semiconductor, used for the fabrication of ICs and other microelectronic devices
"wBMS"	wireless battery monitoring system
"wireless spectrum mask requirement"	a regulatory technical specification that defines the maximum permitted power levels a transmitter can emit across different frequencies
"μs"	microsecond, equaling to one millionth of a second

FORWARD-LOOKING STATEMENTS

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

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "can," "could," "estimate," "expect," "forecast," "going forward," "intend," "may," "might," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "wish," "would" and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Risk Factors," "Business," "Financial Information" and other sections in this document. You should read thoroughly this document with the understanding that our actual future results may be materially different from and worse than what we expect.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our future business development, financial conditions and results of operations;
- our ability to develop new products and bring them to market in a timely manner and make enhancements to our existing products;
- our ability to acquire new users/customers and enhance their loyalty;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the future developments and competitive environment in our industry;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in China and internationally;
- our ability to maintain, protect, and enhance our intellectual property;
- margins, overall market trends, risk management and exchange rates;
- the actions and developments of our competitors;
- capital market development;

- other statements in this document that are not historical fact; and

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

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no responsibility to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of any subsequent unanticipated event. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares may involve significant risks. Potential* [**REDACTED**] *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* [**REDACTED**] *in our H Shares. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the* [**REDACTED**] *of our H Shares, and could cause you to lose all or part of your* [**REDACTED**]. *The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into (1) risks relating to our general operations and industry, (2) risks relating to the research and development and intellectual property rights of our products, (3) risks relating to our financial condition and need for additional capital, (4) risks relating to conducting business in jurisdictions where we operate, and (5) risks relating to the [**REDACTED**].

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

The industries that we operate in are characterized by constant changes. If we fail to stay abreast of technology innovation and continuously advance our products to meet the expectations and needs of our customers and downstream industries, our business, results of operations and financial condition may be materially and adversely affected.

The industries that we operate in are characterized by constant changes, including rapid technological evolution, constant emergence of new industry and regulatory standards and practices, frequent introductions of new products and shifts in customer demands. Specifically, our products are currently primarily used in automotive scenarios, and we are also expanding to energy storage and industrial electronics scenarios. Technological advancement and new industry standards in these downstream industries, including new mandatory requirements for automotive-grade chips, may affect the requirements of our customers, and we must develop new products or refine our technologies to match the different or additional requirements of these customers. As such, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological development.

We have invested, and will continue to invest, significant resources to enhance our products and technologies. Nevertheless, given the fast pace with which our industry has been and will continue to be developed, as well as the rapid development of the downstream sectors that our customers operate in, we may not be able to timely upgrade our products and technologies in an efficient and cost-effective manner, or at all. Despite our constant innovations, our products and the underlying technologies may become suboptimal, obsolete, inefficient, or otherwise unfavored by customers and market. While we have selectively placed our focus on certain technologies and products that we believe are of substantive potentials, we cannot assure you that these initiatives will ultimately meet market expectations and needs. In addition, leading industry players continually upgrade their product portfolios, and we may not be able to match their achievements effectively. Any of the circumstances would render our existing technologies or products obsolete or unattractive and result in customer dissatisfaction. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We have a limited operating history and commercialization record, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance.

We commenced operations in 2015, and we have a limited operating history compared to some of our competitors. We have achieved rapid growth during the Track Record Period. Our revenue increased from RMB103.8 million for 2022 to RMB223.5 million for 2023 and further to RMB347.5 million for 2024, and increased from RMB123.4 million in the six months ended June 30, 2024 to RMB156.8 million in the same period of 2025. However, despite our commercialization efforts in recent years, our operations since inception have primarily focused on R&D activities. As a result of our limited operating history, and particularly in light of the rapidly evolving nature of the wireless sensor SoC industry, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors, and may not be able to achieve promising results in future periods.

In particular, we have a limited track record in the commercialization and sales and marketing of our products. For instance, we began to recognize revenue from our TPMS SoCs from 2017 and BMS SoCs from 2020. Our ability to successfully commercialize our future products may involve more inherent risks, take longer and cost more than it would have if we were a company with a longer track record in commercialization. In particular, the commercialization of new products requires critical efforts to effectively demonstrate the benefits of our products over competitors and maintain and further development key customers with robust and stable demand, including securing our access to their supply chain. Due to our limited track record in the commercialization of our products, there can be no assurance that the sales results of our products will meet our expectation and forecast or that third parties will purchase and deploy our products, which, individually or collectively, would materially and adversely affect the commercialization of our products.

We may not implement our growth strategies or manage our growth effectively.

The success of our business expansion depends on our ability to efficiently execute our growth plan. We plan to continue our independent innovation and R&D, extend the downstream applications of our products, expand our overseas markets and cultivate our talent team. See "Business—Our Growth Strategies" and "Future Plans and Use of [**REDACTED**]." However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

To effectively manage our growth, we need to, among other things:

- monitor and control our expenses and investments;
- comply with different or additional laws, regulations and industry standards;
- enhance our supply chain to support our growth;
- retain and incentivize our key personnel and maintain our talent pool; and
- strengthen our operational, financial and management internal controls and systems.

Furthermore, the growth of our business operations may be constrained by the development of our addressable markets. The future market size of the wireless sensor SoCs industry and the demand for relevant products may be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For instance, we cannot assure you that favorable policies and standards for our products will be promulgated or implemented in an effective and timely manner, if at all, and we cannot predict the impact of such policies on downstream sectors and, as a result, on the industries that we operate in and our performance. We cannot assure you that the size of our addressable markets and the demand for our products will continue to grow as anticipated, if at all. If our products fail to achieve widespread acceptance in any of the downstream sectors, or if customer demand for our products declines or alters due to weakening economic conditions, technical challenges, shifts in regulations and standards, or the emergence of alternative technologies or products, our business, results of operations and financial condition will be materially and adversely affected.

If we fail to attract new customers and/or retain existing customers, our business, financial condition and results of operations may be adversely affected.

Our customers primarily consist of direct sales customers, mainly including Tier 1 suppliers, as well as distributors. We have actively maintained long-term cooperation with these customers through joint innovations and development. In addition, we have been constantly expanding our customer base through deeper penetration in the automotive market, as well as expansion to customers from adjacent markets. However, we cannot guarantee that our existing customers will continue to procure or increase their procurement from us, or that we can attract and secure orders from new customers. As such, if we fail to attract new customers or retain existing customers, our business, results of operations and financial condition may be adversely affected.

Our ability to retain existing customers, attract new customers, and ultimately anchor their demand depends on a number of factors, some of which are beyond our control:

- the perceived value and costs of our products by existing and new customers;
- the availability, advantages, costs and overall competitiveness of similar products;
- changes in the R&D planning and procurement strategies of the customers; and
- shifts in technical and industry standards or regulatory requirements.

If we fail to compete against other market players, our business, results of operations and financial condition may be materially and adversely affected.

The sensor SoC industry in which we operate is competitive. We compete with other companies that focus on developing and commercializing sensor SoCs, in particular wirelesss sensor SoCs. Some of our existing players have a longer operating history, more established global presence, more sophisticated technological capabilities, more robust customer base, more financial and other corporate resources and greater bargaining power than us. Such competitors may develop and launch more attractive products, adapt to downstream demands or incorporate advanced technologies at a faster pace than us. As such, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry and regulatory standards, customer demand or regulatory requirements as such competitors. In addition, in the event that these competitors lower the prices of their products similar to ours, due to their ability to achieve further cost savings, changes in market conditions or other reasons, we cannot assure you that we can match their pricing strategies in a timely manner, if at all, which could render our products less competitive in the market.

We also face competition from potential new entrants who may offer more competitive products than ours. Such new entrants may increase industry competition and adversely impact the sales, price, and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in R&D, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our business and results of operations are affected by the macrocondition of semiconductor industry.

Our business and result of operations are subject to the macrocondition of the semiconductor industry at large and the sensor SoC industry in particular. According to the F&S report, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by a sudden and unforeseen decline in product demand, accelerated erosion of selling prices, lower capacity utilization rates, higher inventory levels and lower inventory valuation. Due to the above factors beyond our control, we cannot assure you that our future performance will not be subject to such impacts. In the event of material downturns in the semiconductor industry, we may not be able to adjust our inventory level to the decline in demand and the price of our products may be adversely affected. If we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, results of operations and financial condition may be adversely affected.

A substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, results of operations and financial condition.

We generated a substantial portion of our revenue from a relatively small number of major customers during the Track Record Period. Revenue generated from our top five customers of each period during the Track Record Period accounted for 41.2%, 35.6%, 52.1% and 46.8% of our total revenue for the same periods, respectively, and revenue generated from our largest customer accounted for 15.4%, 9.2%, 25.2% and 22.9% of our total revenue for the same periods, respectively. We cannot assure you that there will not be any dispute between our major customers and us, or that we will be able to maintain business relationships with them. In the event that the existing major customers cease to engage us, and we are unable to find new customers with similar attributable revenue within a reasonable period of time or at all, our business, results of operations, financial condition and prospects may be adversely affected. In addition, if any of such customers default or delay on their payment or settlement of our trade and bill receivables, our liquidity, results of operations and financial condition may be adversely affected. Our major customers also have substantial bargaining power and may leverage such power when negotiating contractual arrangements with us. They may seek advantageous pricing and other commercial terms and may require us to develop additional features customized for them. This could place us at a disadvantage when dealing with them and cause harm to our costs and profitability.

We partner with third-party wafer foundry and packaging and testing service providers. We are exposed to supplier concentration risk due to our reliance on such major suppliers.

Under our fabless business model, our business operations depend on the continuous service of certain suppliers, mainly including the suppliers of wafer foundries, chip packaging and testing services. Purchases from our five largest suppliers in each period during the Track Record Period accounted for 72.8%, 52.6%, 64.5% and 63.9% of our total purchase amount in the same periods, respectively. Purchases from our largest supplier in each period during the Track Record Period accounted for 21.1%, 13.8%, 21.9% and 20.6% of our total purchase amount in the same periods, respectively. See "Business—Suppliers—Major Suppliers."

Our relationship with these major suppliers subjects us to the concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. If the supply of wafers or chip packaging and testing services is disrupted or delayed, we may fail to find replacements with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation or financial condition of our major suppliers may result in material adverse impact on their business with us.

Because of the complex proprietary nature of our products, if there was a disaster or other business disruption at any of the facilities of our partnered wafer foundries and chip packaging and testing service providers, procurement of and transition to new partners would take a significant period of time to complete and would likely adversely affect our inventory, business, results of operations and financial condition. Further, we are vulnerable to the risk that our partnered wafer foundries and packaging and testing services providers may be unable to meet the demand for our products or cease operations altogether. Moreover, any shortage in the raw materials used by our partnered wafer foundries and packaging and testing services providers may result in shortage in their supply of our products and delay in their packaging and testing process. Therefore, we are vulnerable to the risk that our partnered wafer foundries and packaging and testing services providers may be unable to meet our demand.

We have limited control over the quality, availability and costs of our partnered wafer foundries and packaging and testing service providers. We cannot assure you that the products manufactured by our partnered wafer foundries or services provided by our partnered packaging and testing service providers are safe and free of defects or can meet the relevant quality standards. Further, we are vulnerable to the risk that our partnered wafer foundries and packaging and testing service providers may be unable to meet the demand for our products or cease operations altogether. Any shortage in the raw materials used by our partnered wafer foundries and packaging and testing service providers may result in shortage in their supply of our products and delay in their packaging and testing process.

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

Our products are based on industry and regulatory standards that are continually evolving and usually more rigorous. For example, China promulgated the mandatory safety standard of the power batteries for EVs in 2020 (i.e., Electric Vehicles Traction Battery Safety Requirements (電動汽車用動力蓄電池安全要求) (GB 38031-2020), requiring five-minute advance warnings before thermal runaway. In 2025, a more stringent mandatory requirement was promulgated for the power batteries for EVs in China, which mandates that power batteries must not ignite or explode for at least two hours following a thermal runaway event, and will be implemented from July 2026. The development of existing industry and regulatory standards and emergence of new industry and regulatory standards could render our products obsolete or incompatible. To identify and comply with these industry and regulatory standards, we may need to redesign, upgrade or otherwise modify our products, which may be time-consuming and costly, the outcomes of which may be uncertain. If we cannot successfully carry out such modifications, our products may not be able to comply with new industry standards or compete with the products offered by our competitors. In this circumstance, we could miss opportunities to achieve crucial design wins and lose market share to our competitors, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We depend on the continued services and contributions of our founders, senior management and other key employees, including senior R&D personnel and skilled engineers.

Our future performance depends on the continued services and contributions of our founders, senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and perform effective product design and R&D. We rely on our experienced senior management team to oversee and conduct our business operations, including maintenance of our relationships with key business partners, compliance with relevant laws and regulations and facilitation of the commercialization and production of our products. Any loss of the service of or changes in the positions of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, results of operations and financial condition. Hiring and integrating suitable replacements into our team also requires significant amount of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers. However, we cannot assure you that we will be able to develop or retain qualified personnel that we will need in order to achieve our strategic objectives. If we fail to respond in a timely manner to the loss of service of or changes in the positions of our key personnel, our business, results of operations and financial condition may be adversely affected.

Increases in costs of the materials and other components used in our products would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which our suppliers purchase materials, components and supplies for the production of our products may adversely affect our profitability. We recorded a gross loss of RMB8.3 million for our intelligent tire sensing SoCs in 2023, primarily due to the higher materials costs for wafers in 2023, resulting from the consumption of wafers purchased in 2022, which had relatively higher prices due to the cyclical impact of the semiconductor supply chain. See "Financial Information—Period to Period Comparison of Results of Operations—Year ended December 31, 2023 Compared to Year ended December 31, 2022." As a result of the global semiconductor shortage and inflationary pressures, we have and may continue in the future experience increases in the cost of our products. The profitability of our products may then fluctuate given different market conditions. We determine our product pricing through negotiations with our customers. We consider factors such as our costs, desired profit margin, pricing of similar products of competitors and degree of market competition in formulating our pricing policies. However, given the competitive nature and pressure of the market in which we operate, we may not be able to pass on the cost increase to our customers by increasing the price of our products. Therefore, any significant increase in the cost of our products may have an adverse impact on our gross margin, business, results of operations and financial condition.

If we are unable to ensure the manufacturing or delivery of high quality products on schedule and on an adequate scale to address our customer demand, our business and results of operations may be materially and adversely affected.

As we operate under the fabless model, our business operations are concentrated on the design of chips while outsourcing wafer fabrication to trusted third-party partners. Similar to other players that operate under a fabless model, our ability to continually and timely arrange for the manufacturing and delivery of high quality products meeting the market demand is critical to our business, financial performance and prospects.

We may face difficulties meeting our delivery requirements to customers due to a variety of factors, many of which are related to the supply chain or market demand that are generally beyond our control. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process of our suppliers could prevent us from meeting the stipulated delivery deadline. For example, a decline in yield rates would adversely affect our third-party partners' production efficiency and product quality. If any of our third-party partners' production facilities experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Further, if our third-party partners' production facilities or suppliers experience any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to supply in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process of seeking replacements would be highly time-consuming and costly and we cannot assure you that we can locate new suppliers on reasonable or acceptable commercial terms, or at all. In addition, we may also experience delays in shipments caused by our third-party logistic service providers. Moreover, surges in market demand could arise from time to time, and we may not be able to arrange for manufacturing and delivery capacity to efficiently address such demand. Any such issues could have a material adverse effect on our ability to fulfill orders and consummate sales, damage our reputation and brand, and affect our business, results of operations and financial condition.

We may not be able to fully maintain quality control over our products.

Product quality is critical to automotive-grade chips such as TPMS chips and BPS chips. The quality of our products depends on the effectiveness of our quality control procedures, as well as those of our suppliers. We have implemented rigorous quality control procedures in multiple steps throughout our R&D process and the manufacturing process of our products. For details of our quality control efforts, see "Business—Quality Control." However, our quality control procedures may not be effective in preventing and resolving deviations from our quality standards, and they may not be adequately implemented. Any failure to execute our quality control procedures could increase our costs, render our products less attractive to customers, adversely impact our market reputation and relationship with business partners and even incur liabilities to us.

In addition, we depend on the quality control procedures of our suppliers. We cannot assure you that the products manufactured by our partnered wafer foundries or services provided by our partnered packaging and testing service providers are safe and free of defects or can meet the relevant quality standards. 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 suppliers. If we are involved in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcome. Any such issues may materially and adversely affect our business, results of operations and financial condition.

If we cannot maintain and enhance our brand, our business may be adversely affected.

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. We have gradually established a credible brand in the automotive-grade sensor chip markets thanks to the performance and reputation of our products. As we have relatively short history and operate in a competitive market, our ability to establish, develop and constantly enhance our brand is critical to build our market position and contributes to our long-term success. While our brand name is built upon the reputation and track record of our products, the successful promotion of our brand also depends on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may also incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect.

If our distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, results of operations and financial condition could be adversely affected.

Distributors are important to our business model. Our distributors are primarily responsible for delivery to end customers and settlement with us. Our revenue from sales to distributors accounted for 43.0%, 49.2%, 46.8% and 42.3% of our total revenue for 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. We expect that distributorship will remain an important component of our sales network. The effective management and expansion of our distribution network depends on our ability to enter into renewal agreements with existing distributors on terms favorable to us, and expand our distributor base, especially for key distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business or for any other reasons would adversely impact our business, results of operations, financial condition and cash flows.

We have limited control over the operations of our distributors. Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.

While we have implemented measures to regulate our distributors, including through our distributorship agreements with them, our control over distributors is limited, and we cannot assure you that we can successfully manage our distributors. We may fail to detect incidents of misconduct or non-compliance on the part of our distributors that violate the terms of our distributorship agreements or applicable laws and regulations in a timely manner, or at all. Misconducts and violations may occur in the form of unauthorized misrepresentation to our end customers, misappropriation of third-party rights and bribery or other unlawful payments during the course of their distribution. Such incidents by any of our distributors could tarnish our brand, disrupt our sales and damage our relationship with such distributors and end customers. These and similar actions could also negatively affect our corporate and product image, result in further loss of customers and decline in sales, or even incur liabilities and claims against us. Moreover, if any of our distributors sell the same products in overlapping markets, this may result in cannibalization or even competition among these distributors, which reduces the efficiency of such distribution channels.

Failure to manage inventory level may strain our distributors' financial resources and impair their liquidity, which may lead to their reluctance or inability to purchase products from us. If they experience decreased profitability or suffer losses as a result, they may quit our distribution network. If any of such incidents occurs, the stability of our distribution network may be impaired, and our business, results of operations and financial condition may be materially and adversely affected.

In addition, our distributors provide customer service to our end customers. Although we require our distributors to follow relevant standards and protocols established by us, we may not be able to continuously monitor or control the quality of customer service provided by our distributors. If our distributors fail to conform to our standards and protocols or provide satisfactory services on our products, our reputation and business may be adversely affected.

Our products may contain defects, malfunction or underperform, and we may be subject to product liability claims, which may incur costs and negatively affect our reputation and business operations.

Products within our industry, such as the BPS SoCs and TPMS SoCs that we develop, are complex and may contain errors, defects, vulnerabilities or other issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. In addition, many of the products that we currently offer, such as BPS SoCs and TPMS SoCs, are critical to automotive safety due to their functions in nature. Any defects, malfunctioning or underperformance concerning these products could cause adverse consequences, including economic damages, accidents, injuries and even fatal events. Responsibilities as to these incidents may extend to suppliers like us, which could involve us in legal and other proceedings, subject us to significant liabilities, damages and penalties and harm our business, reputation and results of operations.

Despite the verification and testing procedures in place, our products may contain errors, defects, vulnerabilities or other issues which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed in practice. Under these circumstances, we may incur additional remedial costs to recall, repair or replace and additional development costs to redesign our products. Furthermore, because we are subject to warranty and indemnification provisions based on certain of our agreements with our customers, we may be subject to claims or threats of claims by our customers for their financial loss related to defects in our products. Any such claims would be time-consuming and costly for us to defend and divert our management attention, thereby adversely affecting our business, financial condition and results of operations. These customers may terminate the business relationship with us altogether and as a result, our results of operations and financial condition may be adversely affected. These disputes, proceedings and deterioration of customer relationship may generate negative publicity concerning us and adversely impact our business.

If we cannot price our products effectively, our business, results of operations and financial condition may be adversely affected.

We may not be able to price our products effectively. We consider a number of factors in determining the pricing of our products, including our costs, desired profit margin, pricing of similar products of competitors and degree of market competition. Our pricing is, as a result, affected by the degree of market competition, our relative bargaining power with relevant customers and our commercialization strategies. We may not always be able to offer our existing and new products at the optimal prices, which may result in them not being profitable or not gaining market share. As our competitors introduce new products that compete with ours, we may be unable to attract new customers at the same price or based on the same pricing models as we have used historically, or even cause us to lower our price to gain or maintain our market share. We may also price certain products in a manner that reduces our profitability, in order to attract certain customers. Moreover, as we launch new products from time to time, our ability to effectively price new products is subject to uncertainties. If we cannot price our products effectively in the long term, our business, results of operations and financial condition may be materially and adversely affected.

We are subject to inventory obsolescence risk.

Our inventories were RMB170.5 million, RMB128.2 million, RMB156.7 million and RMB232.1 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Our inventory turnover days were 458 days, 293 days, 188 days and 310 days for 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. We may not be able to maintain proper inventory levels for our raw materials, semi-finished products and work-in-progress ("WIP") and finished products, especially as we further expanded our business and increased our stock. We maintain our inventory levels based on our internal forecasts of customer demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business, results of operations and financial condition may be materially and adversely affected.

Failure to detect or prevent fraudulent or illegal activities or other misconducts by our employees, customers, suppliers or other third parties, and negative publicity relating to these parties, whether warranted or not, may materially and adversely affect our reputation and business.

We are exposed to the risks of fraudulent or illegal activities or other misconducts by our employees, customers, suppliers or other third parties, which could subject us to negative publicity or even liabilities, fines and other penalties. Our ability to oversee the activities of these third parties that may have an impact on us varies, and we generally have limited control over third-party conducts. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

We cannot assure you that our control measures will detect or prevent fraudulent or illegal activities by such persons in a timely and adequate manner, if at all. Any alleged illegal, fraudulent, corrupt or collusive activities by our employees, customers, suppliers or other third parties, whether true or not, with or without merit, or impinged or implicated on us or not, could subject us to negative publicity which could severely damage our brand and reputation. If such activities are conducted by our employees, or otherwise impinged or implicated on us, we could be subject to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. As such, any failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our reputation, business, results of operations and financial condition.

Our business may be subject to seasonal fluctuations.

Our sales volumes correlate with the seasonal purchasing patterns in this market. We generally recognize a higher portion of our revenue in the second half of each year, primarily due to the procurement pattern of our customers in the automotive industry. The degree of seasonality could still vary from time to time due to conditions in the industry, the demand of our customers and other factors over which we have limited control. To the extent there are any significant seasonal fluctuations different from our prior experience, we must arrange for relevant supplies and manufacturing capacity in an effective manner, to ensure we can dynamically adjust our operations in accordance with the changes in market demand.

Our information technology and software systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches, including cyber-attacks or other data security incidents that result in security breaches of these systems.

We rely on our information technology and software systems to effectively manage various customers' and suppliers' data, production and operation data and financial and human resources data. Any significant failure in our information technology and software systems could result in transaction errors, processing inefficiencies and loss of sales and customers, or lead to loss or leakage of confidential information. We collect and store certain customer contact information necessary to our business operations. The security of such information is of paramount importance. Any security breaches on customer information may damage our customer relations and our reputation and may expose us to legal liability. Furthermore, cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Such theft, loss or fraudulent use of information, or other unauthorized disclosure of sensitive data could subject us to litigation, losses, liability, fines, or penalties, any of which could materially and adversely affect our results of operations and reputation.

Our information technology and software systems may be subject to damage or interruption due to unexpected emergency circumstances beyond our control, including power outages, computer and telecommunication failures, malware, ransomware or other destructive software, manual or usage errors, catastrophic events, fire, natural disasters and extreme weather conditions, systems failures, security breaches, unauthorized access to our data information systems, hackings intended to cause malfunctions, loss or corruption of data, software, hardware or other computer equipment, intentional or inadvertent transmission of computer viruses and other similar events. Attacks, including those targeting IT systems, could severely disrupt business operations and result in significant expense to repair or remediate system damage. We could not guarantee attacks and security incidents would not happen in the future.

We have implemented various security measures and procedures to protect our IT systems, enhance data security and monitor and mitigate relevant threats. See "Business—Data Security and Privacy." As data security threats are dynamic, evolving, and increasing in sophistication, magnitude, and frequency, there can be no assurance that such procedures and measures will be successful or sufficient to prevent security breaches from occurring. If any of these potential data security incidents and corresponding regulatory action were to occur, they could adversely impact our results of operations due to high additional costs, such as penalties, third-party claims, repairs, increased insurance expense, litigation, remediation, security, and compliance costs.

We are subject to risks associated with sanctions and export controls laws and regulations, international trade policies and actions, and developing domestic and foreign laws and regulations.

We operate within a global supply chain and our products were sold globally as part of various end products. As such, we face risks associated with international trade regulations and geopolitical developments. Our business activities are subject to the impact of various applicable sanctions and export controls regulations. In recent years, complexities in international relations, such as the geopolitical tensions between the United States and China, have presented new challenges. For example, in April 2025, the U.S. government announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain other governments announced or implemented retaliatory tariffs and other protectionist measures. In May 2025, China and the U.S. made announcement on a joint statement to substantially move down the tariff levels. These circumstances could reduce levels of international trade, investment, technological exchange and other economic activities. They might also lead to changes in political and economic relations between countries, sanctions, export controls, changes in economic and labor conditions, imposition of increased duties, tariffs and taxes, political instability and other geopolitical issues.

In particular, the Export Administration Regulation (the "EAR") regulates U.S. export control, and the Bureau of Industry and Security (the "BIS") of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export or transfer. Under the EAR, a non-U.S.-produced item is subject to the EAR if it incorporates or bundles U.S.-origin controlled items valued at a certain ratio or utilizes certain U.S.-controlled software or technologies during the production process. The BIS maintains lists of individuals and entities subject to enhanced export control restrictions. The Entity List is a catalog of individuals and entities subject to specific licensing requirements for the export, re-export, or transfer of certain products and technology subject to the EAR. In recent years, the BIS has added hundreds of Chinese entities and entities from other countries to the Entity List for a variety of reasons, including foreign policy, defense policy and security. In particular, in October 2022, the BIS issued an interim final rule (the "BIS October 2022 IFR") requiring license for exports, re-exports, or transfers of any item subject to the EAR when there is "knowledge" that the item is destined for end use in the development or production of integrated circuits at a fab in China that fabricates integrated circuits meeting certain criteria. On December 2, 2024, the BIS issued an interim final rule (the "BIS December 2024 IFR") and a final rule (the "BIS December 2024 IFR"), which expanded controls in the EAR on advanced computing and semiconductor manufacturing items. In addition to the United States, Japan, the Netherlands and various other governments are also imposing controls, licensing requirements and restrictions applicable to exports to China. These types of restrictions could impact our ability to supply our products to customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products.

As we operate under the fabless model in China, avoiding all transactions with companies on the Entity List is not commercially practicable. In addition, as the BIS rules are evolving, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, dealing with customers and suppliers on the Entity List can also make us vulnerable under the EAR and Entity List designation, considering the Chinese semiconductor industry is always an enforcement focus by the U.S. government.

As the U.S. continued to impede China's advanced semiconductor industry, several leading EDA software suppliers in the U.S. stated that they received notices from BIS to cease supplying EDA software to China recently. We understand that these developments introduced uncertainties to global supply chains, limited access to key software, and increased production and compliance costs for companies operating in affected industries. If these trade restrictions or geopolitical tensions escalate, we may face additional risks, including reduced access to key software, which could negatively impact our design capabilities.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury (the "Treasury") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "Final Rule"), which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (1) semiconductors and microelectronics, (2) quantum information technologies, and (3) artificial intelligence systems, collectively defined as "covered foreign persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in covered foreign persons, which are defined as "covered transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. On February 21, 2025, U.S. President issued a memo entitled the "America First Investment Policy" (the "America First Memo"), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors.

We believe that we are deemed to be a covered foreign person engaged in one of the "covered activities" (each as defined in the Final Rule) as we design integrated circuits as described in the definition of "notifiable transactions" in 31 C.F.R. §850.217. We are not directly or indirectly engaged in any "covered activities" as described in the definition of "prohibited transactions" (each as defined in the Final Rule) as we do not design, fabricate or package any integrated circuit described in 31 C.F.R. §850.224(c), (d) or (e) and activities described in the other sections of 31 C.F.R. §850.224. However, there is no assurance that the Treasury will take the same view as ours. U.S. persons engaged in a "covered transaction" (as defined under the Final Rule) that involves the acquisition of our equity interests (including the subscription of our H Shares in the [**REDACTED**]) may need to make a notification to the Treasury pursuant to the Final Rule, which could limit our ability to raise capital or contingent equity capital from U.S. investors. In addition, even though U.S. persons' investment of certain publicly traded securities (such as purchasing our H Share in the open market) falls under an exception in the Final Rule, it could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations and policies continue to evolve. In addition, the application and implication of the Final Rule, the America First Memo and any related policies, laws and regulations are complex, which may be changed and updated from time to time. Future changes in the Final Rule, the America First Memo and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdictions where we operate, our business, results of operations and financial condition may be materially and adversely affected.

We are required to obtain and maintain the requisite licenses and approvals for our business in China where we currently operate our business. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future businesses. Any failure to obtain or renew any approvals, licenses, permits or certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any of the laws, regulations and policies currently in effect or any future laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

We may be involved in litigation, legal or contractual disputes, governmental investigations or administrative proceedings, which may divert our management's attention and adversely affect our business, results of operations and financial condition.

We may be involved in litigation, legal or contractual disputes, governmental investigations or administrative proceedings in the ordinary course of our business. These may concern issues relating to, among others contract disputes relating to our daily business operations. Any such claim or proceeding involving us, with or without merit, may be expensive, time-consuming and disruptive to our operations and distracting to management. In addition, even if we ultimately succeed in such disputes or proceedings, negative publicity may arise therefrom and materially and adversely affect our reputation and business. If one or more legal or administrative matters were resolved against us, or certain injunctions are granted to prevent us from using certain technologies in our products, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, unfavorable outcomes could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, corporate remedial measures, injunctive relief or specific performance against us that could materially and adversely affect our results of operations and financial condition.

Failure to pay social insurance premiums and housing provident funds on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties.

During the Track Record Period, we engaged third-party agencies to pay social insurance premiums and housing provident funds for certain employees, which was not in strict compliance with applicable PRC laws and regulations. We implemented such arrangements primarily because these employees were located in cities where we did not have any registered operating entities. As advised by our PRC Legal Advisor, if the validity of such arrangements is challenged by competent PRC authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice. We cannot assure you that relevant competent government authorities will not take the view that such third-party agency arrangements do not satisfy the requirements under the relevant PRC laws and regulations. We might also be subject to labor disputes arising from such arrangements with the relevant employees.

Failure to protect our leasehold interests could adversely affect our business operations.

As of the Latest Practicable Date, the lease agreements were not filed by either us or the relevant lessors for registration with respect to five of our leased properties in China. If these lessors are not the legal owners or have not obtained the proper authorization from the legal owners of such premises, the legal owners of such premises or third-party tenants that have leased from the legal owners will have ground to challenge the validity of our leasehold interest in the affected premises. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply. If any of our leases are terminated or voided as a result of challenges from third parties or government agencies, we would need to seek alternative premises and incur relocation costs.

We may fail to maintain effective internal control measures.

We have implemented various measures to improve our internal control. However, our internal control measures are subject to continuous evaluation and improvement, there can be no assurance that all such measures will prove effective or that material deficiencies in our internal control measures will not be discovered in the future. Our efforts to improve our internal control measures have required, and may still require in the future, increased costs and significant management time and commitment. If we fail to maintain effective internal control measures, our business, results of operations, financial condition or reputation may be materially and adversely affected.

Our overseas expansion may not be successful, and we are exposed to the risks associated with overseas operations.

We have been exploring business opportunities in overseas regions. However, we have limited experience in doing business in these markets and our products and business may not be well-accepted. We cannot assure you that we can replicate our success or compete effectively in these markets. Moreover, as our overseas expansion proceeds, we may have to adapt our business models to the local market due to various legal requirements and market conditions and incur additional costs associated with such operations.

Specifically, we are subject to risks typically associated with overseas operations including, but not limited to, compliance with local laws and regulations, such as those related to trade practices and tariffs, intellectual property, labor, anti-corruption, taxation, intra-group transactions and trade practices and data practice. If any of our overseas operations, or our associates, agents or distributors, violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties. We may also need to obtain additional government approvals, licenses or other authorizations for doing business in overseas markets. Changes in the political and economic environments in the markets where we operate and the imposition of tariffs, duties or other protectionist measures may also have a material adverse impact on our overseas operations.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We have made, and may continue to enter into acquisitions investments or alliances with various third parties. These investments could subject us to a number of risks, including the degree of synergy, the success of integration, risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in relevant expenses, any of which may materially and adversely affect our business, results of operations and financial condition. We also cannot assure you that the business and financial performance of our investees will always meet our expectations, or that such investments will always be aligned with our business planning. We may also have little ability to control or monitor the actions of relevant third parties, including our investees and investment partners. To the extent such third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions and investments may also involve significant capital outlays, the issuance of equity securities that could dilute existing shareholders, or the assumption of debt, any of which could adversely impact our financial position. Any failure to realize the anticipated benefits from investments and acquisitions could materially and adversely affect our business, results of operations and financial condition.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, results of operations and financial condition.

We currently have product liability insurance and transportation insurance that covers the delivery of wafers. However, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. In particular, we do not carry insurance in respect of certain risks that we believe are not insured under customary industry practice in mainland China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism and civil disorder. In addition, our insurers generally review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms, or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations and financial condition.

Any future occurrence of natural disasters, outbreaks of contagious diseases or other force majeure events may materially and adversely affect our business, results of operations and financial condition.

Our business is subject to general economic and social conditions. Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts, as well as the outbreak of a widespread health epidemic such as COVID-19, SARS, Ebola or Zika could pose significant risks to the regions where we or our business partners conduct business operations, including the research and development, manufacturing and commercialization activities. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, results of operations, financial condition and prospects. Additionally, acts of war and terrorism may also damage the facilities of our business partners, disrupt our sales channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS OF OUR PRODUCTS

If we are unable to develop and introduce new products, our business, results of operations, financial condition and competitive position would be materially and adversely affected.

Our business is R&D-driven. Continuous R&D enable sophisticated sensor SoC solutions that meet emerging requirements for safety, functionality, integration, power efficiency and cost effectiveness, as well as address ever-evolving demand and requirements from customers and downstream sectors. Our business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new and enhanced products that incorporate the latest technological advancements. We may encounter unexpected technical and production challenges or delays in completing the development of new and enhanced products in a cost-efficient manner. Successful product development and upgrades not only require us to invest significant resources in research and development and also require that we:

- design products with better functionality, cost savings or other benefits that differentiate from those of our competitors;
- quickly and cost-effectively adjust to evolving customer demands, market conditions and industry trends;

- rapidly and satisfactorily meet new industry and regulatory standards and requirements; and

- continuously enhance our technology stack.

If we are unable to complete the development of new and enhanced products and/or technologies without delay or at all, we may not be able to satisfy our customers' demand or achieve broader market acceptance of our products, and our business, results of operations, financial condition and competitive position would be materially and adversely affected.

We have been investing, and intend to continue to invest, heavily in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We have been investing, and expect to continue to invest, heavily in our R&D efforts. Our research and development costs amounted to RMB76.9 million, RMB95.9 million, RMB107.9 million and RMB35.8 million in 2022, 2023, 2024 and in the six months ended June 30, 2025, respectively. Our industry is subject to rapid technological changes and is quickly evolving in terms of technological innovation. We need to invest significant resources, including financial resources, in R&D to make technological advances in order to maintain the competitiveness of our products or expand our product offerings. As a result, we expect to continue to incur significant research and development costs in the future.

However, we cannot guarantee that our efforts will achieve the outcomes as we anticipate. The outcomes of R&D activities are inherently uncertain. Even if we succeed in our R&D efforts and generate the results as we expect, we may still encounter practical difficulties in commercializing our products incorporating our research and development outcomes. New technologies could render our existing technologies and/or products or technologies and/or products we are developing obsolete or unattractive, thereby rendering us unable to recover research and development costs, which could materially and adversely affect our business, results of operations and financial condition.

Our R&D efforts may not translate into contribution to our results of operations for several years, if at all, and even when they do, such contributions may not meet our expectations, and we may never recover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

We may not be able to obtain or maintain adequate intellectual property rights protection for our products, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our ability to protect our proprietary technologies and our products by obtaining, maintaining and enforcing our intellectual property rights, including patent rights, is critical to our long-term competitiveness. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China. As of June 30, 2025, we had 77 granted patents, 33 utility model patents and one design patent. As of the same date, we had 61 layout-design of integrated circuits, 26 software copyrights and 23 registered trademarks in China. See "Business—Intellectual Property Rights." The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may however fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. Moreover, the patent position of sensor SoC providers like us may be uncertain because it involves complex legal and factual considerations. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products. Governmental patent agencies also require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. If we fail to extend the life of our patents, we may face competition for any approved products even if we successfully obtain patent protection once the patent life has expired for the product.

Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property rights and our rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time-consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate resources to enforce and/or defend their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation. Defendant counterclaims alleging invalidity or unenforceability are commonplace, and can be asserted on numerous grounds. Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products. The outcome following legal assertions of invalidity and unenforceability is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products. Such a loss of patent protection could materially and adversely affect our business.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products involved.

The industries in which we operate are patent-intensive. Companies in these industries routinely seek patent protection for their product designs. Some of our competitors have large patent portfolios with broad rights and may claim that our expected commercial use of our products has infringed their patents. Specifically, these competitors could allege that certain features of our products fall within the coverage of their patents. They may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products.

Whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. Although we intend to identify and avoid intellectual property infringement activities, (1) we may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers' proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; (2) in the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing; and (3) our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed rights that have not been revealed through our searches of relevant public records. Therefore, our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive and time-consuming. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raising their claims, we may be required to suspend our sales efforts of the relevant products in controversy, redesign, reengineer or rebrand such products, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

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

Patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that we, or our employees or our business partners have wrongfully used or disclosed trade secrets allegedly owned by others.

In addition to our registered patents and patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, we cannot assure you that such agreements will be obtained in all circumstances or be duly enforced. Moreover, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will gain access to such information and make use of such information, and that our competitive position will be compromised, despite any legal action we might take against such persons. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners might intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and/or is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. It is possible that technology relevant to our business will be independently developed by a person that is not a party to such agreement. Furthermore, if the employees who are parties to these agreements breach the terms of these agreements, we may not have adequate remedies for any such breach, and we could lose our trade secrets and inventions through such breaches. Any legal proceedings asserting our trade secrets could be time-consuming and costly, and may not yield successful results.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant net losses and had a net deficit position during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the near future.

We have incurred net losses in the past. In 2022, 2023, 2024 and the six months ended June 30, 2025, we incurred loss for the year/period of RMB204.6 million, RMB355.8 million, RMB351.3 million and RMB143.3 million, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations in the rapidly growing wireless sensor SoCs industry and are continuously investing in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. Our loss position during the Track Record Period was primarily due to the combination of several factors, including (1) our relatively small business scale as a company with short operating history and limited commercialization, which led to lower operating leverage; (2) the changes in the carrying amount of liabilities recognized for financial instruments issued to investors; (3) for 2023, the impairment losses of in connection with the acquisition of Gainsil; (4) in particular for 2023, the impact of certain high-cost wafer that we had procured in advance in light of the cyclical impact of the semiconductor industry supply chain, which had lowered our profit margin in 2023; and (5) the significant investments in our R&D efforts, including investment in our R&D personnel and product development activities. Our costs and expenses may further increase as we continue to invest in our R&D initiatives and enhance and expand our product portfolio, while we have not yet achieved mass commercialization or economies of scale.

Our future profitability will depend on a variety of factors, including the degree of acceptance and penetration of our products in downstream application scenarios, the breadth and depth of our customer base and our relationship with customers and our cost structure and supply chain capabilities. Our revenue may not grow at the rate we expect, if at all, and it may not increase sufficiently to offset the increase in our costs and expenses. As a result, we may continue to incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability. In addition, we expect to incur substantial costs and expenses as a result of being a [**REDACTED**]. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

We are at accumulated deficit position to date. We had total deficit of RMB1,301.8 million as of June 30, 2025, primarily due to financial instruments issued to investors mainly representing our Pre-[**REDACTED**] Investments. We expect such position to be significantly alleviated after the [**REDACTED**], as our financial instruments issued to investors are converted from liabilities to equity upon the [**REDACTED**]. Our net deficit position exposes us to liquidity risk. Our future liquidity, payment of trade and other payables, capital expenditure plans and repayment of outstanding debt obligations (if any) as and when they become due will primarily depend on our ability to obtain adequate cash generated from operating activities and adequate external financing. Deficit position may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, results of operations and financial condition.

We recorded net operating cash outflows historically and there can be no assurance that we will not have net operating cash outflows in the future.

We recorded net cash used in operating activities of RMB152.2 million, RMB61.2 million, RMB137.1 million and RMB114.8 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. See "Financial Information—Liquidity and Capital Resources—Cash Flows." We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. In particular, similar to other fabless companies in China, the procurement of relevant supplies such as wafers and our R&D activities could be capital-intensive. Our future liquidity primarily depends on our ability to obtain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We require additional capital from time to time to execute our R&D and procurement plans, broaden and enhance our offerings, grow our business, better serve our customers, and improve our operations. In particular, companies operating under fabless model in the semiconductor sector typically have a relatively long and uncertain design and development cycle before mass production and commercialization, which makes the availability of upfront financing critical. Accordingly, we may need to sell additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing Shareholders. The incurrence of debt financing would result in increased debt service obligations. It could also result in operating and financing covenants that would restrict our operation or our ability to pay dividends to our Shareholders.

Our ability to obtain additional capital is subject to a variety of uncertainties, including our market position and competitiveness, our potential for profitability, overall financial condition and results of operations, the general market condition for capital-raising activities by companies in our industry, and the economic, political and other conditions in China and globally. We may be unable to obtain additional capital in a timely manner or on favorable terms, or at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth could be significantly impaired, and our business and prospects could be adversely affected.

We are subject to credit risk relating to trade receivables, and any significant default on our trade receivables could materially and adversely affect our liquidity, financial condition and results of operations.

We are exposed to credit risk relating to potential delays in payment and defaults of our customers. We had a growing balance of our trade receivables during the Track Record Period, in part due to our increased business scale. As of December 31, 2022, 2023 and 2024 and June 30, 2025, our trade receivables (net of loss allowance) amounted to RMB23.7 million, RMB65.3 million, RMB79.6 million and RMB52.7 million, respectively, with an allowance for credit losses of trade receivables amounting to RMB0.8 million, RMB0.7 million, RMB0.8 million and RMB0.5 million as of the same dates, respectively. Our trade receivable turnover days were 55, 74, 77 and 78 days in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. We may not be able to collect all such trade receivables due to a variety of factors that are beyond our control, such as long payment cycles of certain customers. If the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the trade receivables, our corresponding trade receivables recoverability will be adversely affected. The increase in the amount of provisions made on our trade receivables will be recorded as expenses on our results of operations. As such, if we are unable to manage the credit risk associated with our trade receivables effectively, our results of operations may be materially and adversely affected. Furthermore, substantial defaults or delays by our customers could materially and adversely affect our cash flow and working capital conditions, and we may have to terminate our relationships with such customers.

We have granted and may continue to grant share-based awards in the future, which may result in increased share-based payment expenses or shareholder dilution.

We adopted Employee Incentive Scheme in December 2015 for the purpose of promoting the rapid and sustainable growth of our Company and incentivizing outstanding employees. See "1. Further Information about Our Company—F. Employee Incentive Scheme" in Appendix IV to this document. We recorded equity-settled share-based payment expenses of RMB2.1 million, RMB3.8 million, RMB3.0 million and RMB1.1 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. We believe the granting of share-based payment is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based payment to employees in the future. Issuance of additional Shares with respect to share-based payment may dilute the shareholding percentage of our existing Shareholders. Our expenses associated with share-based payment may increase, which may have an adverse effect on our results of operations.

Failure to obtain or maintain any of the preferential tax treatments and government grants could affect our business, results of operations and financial condition.

We are subject to preferential income tax treatments during the Track Record Period. See "Financial Information—Key Components of Our Consolidated Statements of Profit or Loss—Income Tax Expense." During the Track Record Period, we also received government grants, some of which are non-recurring in nature or are subject to periodic review. In 2022, 2023, 2024 and the six months ended June 30, 2025, the government grants we recognized as other net income amounted to RMB11.2 million, RMB5.0 million, RMB3.6 million and RMB3.6 million, respectively.

If we cease to be entitled to such preferential tax treatment or government grants or if the relevant PRC laws and regulations change, our income tax expenses may increase, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the preferential tax treatment or government grants that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions, laws, regulations or government policies in the jurisdictions where we operate could have a material adverse effect on our business and operations.

During the Track Record Period, substantially all of our revenue was derived from our businesses in China. Accordingly, our business, results of operations, financial condition and prospects are, to a material extent, subject to economic, political and legal developments in China. In particular, factors such as corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be affected.

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, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Lawfully and Severely Combating Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見) which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released 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) and five supporting guidelines (together, "Overseas Listing Trial Measures"), which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The filing is required to be conducted within three business days after the submission of the application for [**REDACTED**] and [**REDACTED**] overseas to the overseas regulators. The CSRC will review the filing application and may have queries and may consult with other relevant regulators. Filings granted by the CSRC will have a valid term of one year during which the issuer should complete the offering. Further follow-up offerings after overseas listings also require a filing within three business days after the completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant regulators, a switch of listing status and a termination of listing. See "Regulatory Overview—Regulations Relating to Overseas Securities Offering and Listing." If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as orders to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

As advised by our PRC Legal Advisor, we are required to go through the filing procedures with the CSRC under the Overseas Listing Trial Measures. We will file with the CSRC within the specific time limit as required by the Overseas Listing Trial Measures and seek guidance from the relevant regulator and/or legal advisors to ensure our compliance in all respects. However, we cannot assure you that we will be able to obtain such approval, filing or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval, filing or completing such procedures for the [**REDACTED**], or a rescission of any such approval or filing obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may adversely affect our ability to finance the development of our business and could have a material adverse effect on our business and financial condition. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, it is uncertain whether we could complete the filing procedure in relation to any further capital raising activities in a timely manner, or at all.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection, and the National Archives Administration of China published the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the "Archives Rules"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic companies, either in direct or indirect form, such domestic companies, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets or that have an adverse impact on the national security or public interests, the domestic company should complete the relevant approval/filing and other regulatory procedures.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt the [**REDACTED**] or future capital raising activities before settlement and delivery of the H Shares offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for the [**REDACTED**] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures for obtaining the waiver remain unclear. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and [**REDACTED**] of the H Shares.

Governmental supervision of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may limit our ability to pay dividends and other obligations, and adversely affect the value of your [REDACTED].

The PRC government imposes supervision on the convertibility of Renminbi into foreign currencies. Substantially all of our transactions are denominated in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as direct investments, repayment of loans denominated in foreign currencies, repatriation of investments and investments in securities outside of China. Failure to obtain approval from or complete registration with competent government authorities related to overseas direct investments may result in cessation of the implementation of relevant projects, restrictions on the remittance of Renminbi into or out of China, or even legal of administrative liabilities. If the foreign exchange regulatory policies prevent us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

The PRC government policy on foreign investment in the PRC may adversely affect our business and results of operations.

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (外商投資准入特別管理措施(負面清單) (2024年版)) (the "Negative List") issued by the NDRC and MOFCOM on September 6, 2024, effective on November 1, 2024, which sets out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China had not fallen within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards. Also, as the Negative List could be updated in the future, we cannot assure you that the PRC government will not change its policies in a manner that would render part of our business in China within the Negative List. If we cannot obtain approval from relevant approval authorities to engage in a business in China that becomes prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which has become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, results of operations and financial condition may be adversely affected.

Failure to comply with rapidly evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.

We are subject to various regulatory requirements relating to cybersecurity and data privacy in the PRC, including the PRC Data Security Law (中華人民共和國數據安全法) and the Cybersecurity Law of PRC (中華人民共和國網絡安全法). We are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. In the course of conducting our business, the data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. Due to our business nature, we generally do not engage in collecting personal information through public channels such as operational websites, apps, or mini-programs on internet platforms. However, we may still incur expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations.

Regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our reputation, business, results of operations and financial condition. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Further adjustments or changes to PRC tax laws and regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, results of operations and financial condition.

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

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

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

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, the PRC tax authorities may change these practices, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

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

Despite the arrangements mentioned above, there remain significant uncertainties as to the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities and the PRC tax laws and regulations may also change, which may adversely affect the value of your [**REDACTED**] in our H Shares.

You may have limited resources in effecting service of legal process or enforcing foreign judgments against us, and our Directors and management.

We are a company incorporated under the PRC laws, and the vast majority of our assets and subsidiaries are currently located in China. Substantially all of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be difficult or impossible for you to effect service of process upon us or these individuals, or to bring an action against us or against these individuals in the event that you believe your rights have been infringed under the applicable securities laws or otherwise.

On January 14, 2019, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the 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) (the "2019 Arrangement"), which took effect on January 29, 2024. The 2019 Arrangement seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the 2019 Arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant mainland China and Hong Kong court.

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

Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under applicable accounting standards less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable our Company to make dividend distributions to its shareholders in the future, including periods for which our Company's financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under the HKFRS in certain respects, our Company may not have distributable profits as determined under PRC GAAP, even if it has profits for that year as determined under the HKFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Restrictions on dividend payment could have a negative impact on our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE [REDACTED]

An active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. We cannot assure you that an active [**REDACTED**] for our H Shares with adequate liquidity will develop or be sustained following the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the Joint Sponsors (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be traded following the completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time following the [**REDACTED**].

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]). A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected.

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

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

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

While investors [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they subscribed (except as disclosed in "Information about this Document and the [**REDACTED**]—Restrictions on [**REDACTED**] and [**REDACTED**] of Shares"), they may have existing arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**] Date.

Any sale of the H Shares subscribed by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] of our H Shares.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the [REDACTED] of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes have been duly completed, the filing with the CSRC and the requisite regulatory approvals have been completed, and the requirements and procedures prescribed by the related regulations and guidelines have been satisfied. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] of H Shares.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. We cannot assure you that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed "Industry Overview," from the F&S report, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government, industry associations, independent research institutes and other third-party sources. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of their respective directors and advisors, or any other persons or parties involved in the [**REDACTED**], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] for H Shares and trading volume could decline.

The [**REDACTED**] for our H Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our H Shares, the [**REDACTED**] for our H Shares would likely decline.

If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the [**REDACTED**] of or trading volume for our H Shares to decline.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, and substantially all of our financial assets were also denominated in Renminbi. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our H Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, including [**REDACTED**] from the [**REDACTED**], as Renminbi is the functional currency of our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. We have not authorized the disclosure of any information concerning the [**REDACTED**] 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 the 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 decisions on the basis of the information contained in this document only and should not rely on any other information.

In preparation for the [**REDACTED**], we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from compliance with the Companies (Winding Up and Miscellaneous Provision) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, all applicants applying for a primary [**REDACTED**] on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of the applicant's executive directors must be ordinarily resident in Hong Kong.

Our Company's business operations and assets are primarily located outside Hong Kong. Our Company's executive Directors are based in the PRC as our Board believes it is more effective and efficient for our executive Directors to be based in a location where our substantial operations are located. Our Company therefore does not, and in the near future will not, maintain management presence in Hong Kong.

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

(1) We have appointed Dr. Li, our chairman, executive Director and chief executive officer, and Ms. Xu Yalei (許雅蕾) ("Ms. Xu"), our chief financial officer and board secretary as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. They will serve as the principal channel of communication with the Stock Exchange and make themselves readily available to communicate with the Stock Exchange. Each of Dr. Li and Ms. Xu can be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange. The contact details of our authorized representatives have been provided to the Stock Exchange.

(2) All Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period. In addition, each Director has provided his/her contact details, including phone numbers and email addresses, to our authorized representatives and to the Stock Exchange. In the event that a Director expects to be traveling or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation or other contact information to our authorized representatives to ensure that each of our authorized representatives will be able to contact all our Directors promptly at all times if and when the Stock Exchange wishes to contact our Directors.

(3) We have appointed Maxa Capital Limited as our compliance advisor in accordance with Rule 3A.19 of the Listing Rules, which will serve as an additional and alternative channel of communication with the Stock Exchange in addition to our authorized representatives. The compliance advisor will have reasonable access, at all times during the term of their appointment, to our authorized representatives, Directors and other officers of our Company, participate in the communication between the Stock Exchange and our Company and answer inquiries from the Stock Exchange.

(4) Any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives or our compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance advisor.

(5) We intend to retain our Hong Kong legal advisors on on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [**REDACTED**].

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and is therefore capable to discharge the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(1) length of employment with the issuer and other issuers and the roles he/she has undertaken;

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

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

(4) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Xu as one of our joint company secretaries. Ms. Xu joined our Group in March 2022 and possesses relevant understanding and knowledge relating to the business operations, financial management and corporate culture of our Group. In her capacity as the board secretary, Ms. Xu has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Ms. Xu's expertise and backgrounds, our Directors consider that Ms. Xu is capable of discharging the functions of a company secretary and is suitable to perform such role.

As Ms. Xu currently does not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on her own, we have appointed Ms. Shum Kit Han (岑潔嫻) ("Ms. Shum"), a Chartered Secretary, a Chartered Governance Professional, a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong, who is qualified under Rule 3.28 of the Listing Rules to act as the other company secretary and to work closely with and provide assistance to Ms. Xu for an initial period of three years commencing from the [**REDACTED**] Date.

The following arrangements have been, or will be, put in place to assist Ms. Xu in acquiring the qualifications and experience as the joint company secretaries of our Company required under Rules 3.28 and 8.17 of the Listing Rules:

(1) In the course of the preparation of the application for the [**REDACTED**], Ms. Xu has been provided with a memorandum and has attended a training seminar on the respective obligations of our Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Hong Kong legal advisors.

(2) In addition to the minimum training requirements under Rule 3.29 of the Listing Rules, our Company will ensure that Ms. Xu continues to have access to relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an issuer [**REDACTED**] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, our Company will ensure that Ms. Xu and Ms. Shum will seek and have access to the advice from our Hong Kong legal advisors and other professional advisors as and when required.

(3) Ms. Shum will assist Ms. Xu to acquire the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules and to discharge their duties as company secretaries. Ms. Xu will be assisted by Ms. Shum for an initial period of three years commencing from the [**REDACTED**] Date. As part of the arrangement, Ms. Shum will act as one of the joint company secretaries and communicate regularly with Ms. Xu on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company. She will also assist Ms. Xu in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary.

(4) Our Company has appointed the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional channel of communication with the Stock Exchange and provide professional guidance and advice to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange has [granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Shum ceases to provide such assistance or ceases to meet the requirements under Rule 3.28 of the Listing Rules, or if there are material breaches of the Listing Rules by our Company during the three-year period from the [**REDACTED**] Date. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Xu, having had the benefit of Ms. Shum's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" for the biographical details of Ms. Xu and Ms. Shum.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

For further information of our Directors, please see the section headed "Directors and Senior Management" in this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Li Mengxiong (李夢雄)	No. 27, Jiangdong Road Zhangjiang Town Pudong New Area Shanghai PRC	Chinese
Mr. Zhu Shouteng (朱守騰)	No. 101, No. 53 Lane 1010 Mingzhong Road Songjiang District Shanghai PRC	Chinese
Mr. Li Shuguang (李曙光)	Room 708, No. 5 Lane 573, Dongfang Road Pudong New Area Shanghai PRC	Chinese
Ms. Xu Hongru (徐紅如)	Room 302, No. 296 Qixia Road Pudong New Area Shanghai PRC	Chinese
Non-executive Directors		
Mr. Ju Hua (鞠樺)	Room 2701, No. 73, Lane 1881 Dongfang Road Pudong New Area Shanghai PRC	Chinese
Mr. Sha Chongjiu (沙重九)	31-5-1001 Aolin Spring Lincui Road Chaoyang District Beijing PRC	Chinese

Name	Address	Nationality
Independent Executive Directors		
Mr. Chu Xiaowen (褚曉文)	Flat 10B, Block 10, Solaria 16 Fo Chun Road Tai Po New Territories Hong Kong	Chinese (Hong Kong)
Ms. Cheung Suet Fong (張雪芳)	Flat 1803, Fung Yam House On Yam Estate Kwai Chung New Territories Hong Kong	Chinese (Hong Kong)
Mr. Jie Donghui (揭東輝)	Room 1301, No. 4, Lane 910 Dingxiang Road Shanghai PRC	Chinese

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Guotai Junan Capital Limited 27/F Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Baker & McKenzie** 14/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *As to PRC law:* **King & Wood Mallesons** 17th Floor, One ICC, Shanghai ICC 999 Middle Huai Hai Road Xuhui District Shanghai PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong laws:* **Jingtian & Gongcheng LLP** Suites 3203-3207, 32/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Zhong Lun Law Firm** 10/11/16/17F, Two IFC 8 Century Avenue Pudong New Area Shanghai PRC
Auditors and Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717 West Nanjing Road Shanghai PRC
Receiving Banks	[●]
Compliance Advisor	**Maxa Capital Limited** Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong

Registered Office	14/F, Building A, Chuangzhi Building No. 17 Xinghuo Road, Jiangbei New Area Nanjing, Jiangsu Province PRC
Headquarter and Principal Place of Business in the PRC	Room 601, Building 10 Lane 198, Zhangheng Road Pudong New Area Shanghai PRC
Principal Place of Business in Hong Kong	[Room 1912, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong]
Company's Website	**https://www.senasic.com/** *(information contained in this website does not form part of this document)*
Joint Company Secretaries	Ms. Xu Yalei (許雅蕾女士) Room 102, No. 72 Runan Street, Huangpu District Shanghai PRC Ms. Shum Kit Han (岑潔嫻女士) Room 1912, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Dr. Li Mengxiong (李夢雄博士) No. 27, Jiangdong Road Zhangjiang Town Pudong New District Shanghai PRC Ms. Xu Yalei (許雅蕾女士) Room 102, No. 72 Runan Street, Huangpu District Shanghai PRC
Audit Committee	Ms. Cheung Suet Fong (張雪芳女士) *(Chairman)* Mr. Jie Donghui (揭東輝先生) Mr. Chu Xiaowen (褚曉文先生)

Nomination Committee	Dr. Li Mengxiong (李夢雄博士) *(Chairman)* Mr. Jie Donghui (揭東輝先生) Ms. Cheung Suet Fong (張雪芳女士)
Remuneration and Appraisal Committee	Mr. Jie Donghui (揭東輝先生) *(Chairman)* Mr. Chu Xiaowen (褚曉文先生) Dr. Li Mengxiong (李夢雄博士)
Compliance Adviser	**Maxa Capital Limited** Unit 2602 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong

[**REDACTED**]

Principal Banks	**China Merchants Bank Nanjing Branch** Zhaoyin Building, No. 199 Lushan Road Jianye District Nanjing City, Jiangsu Province PRC
	Bank of Communications Jiangsu Branch No. 218, Lushan Road Jianye District Nanjing City, Jiangsu Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the [**REDACTED**]. *We believe that these sources are appropriate sources for such information and statistics and reasonable care has been exercised by us in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. The information from official government sources has not been independently verified by us, the Joint Sponsors, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**] *or any of our or their respective directors, senior management, representatives or any other person involved in the* [**REDACTED**] *and no representation is given as to its accuracy.*

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on Global and China's wireless sensor SoC industry and prepare the F&S report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB430,000 to Frost & Sullivan for compiling the F&S report.

In preparing the F&S report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The F&S report is compiled based on the following assumptions: (1) the social, economic and political environment of the globe and the PRC is likely to remain stable in the forecast period; and (2) related industry key drivers are likely to drive the market in the forecast period.

OVERVIEW OF GLOBAL AND CHINA'S WIRELESS SENSOR SOC INDUSTRY

Definition of Wireless Sensor SoC

Sensor SoC is a miniaturized electronic device, similar to a device's "sensing organ." It detects specific physical quantities such as voltage, current, impedance, temperature, pressure, humidity and light and converts them into electrical signals that can be recognized and processed by electronic systems.

Wireless sensor SoC builds upon traditional sensor SoC by further integrating a low-power wireless communication module and edge computing capabilities. Through system-level integration, a wireless sensor SoC integrates the necessary components and subsystems for wireless sensing onto a single microchip, providing not only physical parameter sensing capabilities but also local data processing and wireless transmission. By highly integrating sensing, computing and communication, wireless sensor SoC offers a unified, lightweight and low-power sensing platform for various applications, including automotive, industrial and energy storage scenarios.

Significance Analysis of Wireless Sensor SoC

***Mitigating wire complexity and cost*:** Conventional sensor solutions present significant expenses and intricacies concerning wiring, maintenance and integration. Wireless implementation contributes to a reduction in the overall vehicle weight and associated costs.

***Satisfying distributed deployment needs*:** In automotive, industrial and other diverse scenarios, sensor layouts are becoming increasingly dispersed. Wireless sensor SoC enables flexible deployment, adapting to complex spatial structures.

***Enabling low power consumption and edge intelligence*:** Wireless sensor SoC incorporates integrated local computing capabilities, facilitating data preprocessing at the terminal. This capability mitigates system power consumption and alleviates data transmission demands on central nodes, thereby enhancing overall response efficiency.

***Accelerating product integration and system upgrade*:** A highly integrated, all-in-one SoC platform shortens development cycles and simplifies system design, adapting to the rapid iteration and diverse demands of smart devices.

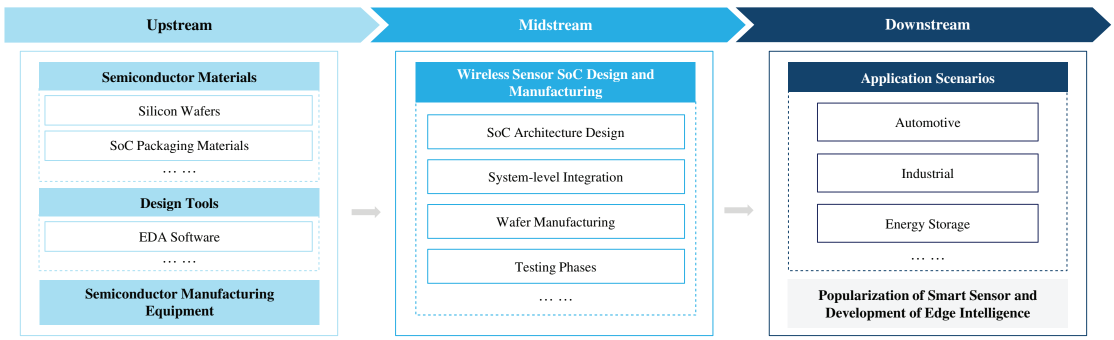
Value Chain Analysis of Wireless Sensor SoC Industry

The upstream segment includes semiconductor materials (e.g., silicon wafers, SoC packaging materials, etc.), design tools (e.g., EDA software) and semiconductor manufacturing equipment, primarily providing foundational support for SoC design and manufacturing. The fabrication of wireless sensor SoCs typically utilizes high-reliability, high-precision semiconductor process platforms (e.g., analog, mixed-signal and MEMS processes) to meet the performance, stability and lifespan requirements of various application scenarios.

The midstream segment primarily encompasses the SoC architecture design, system-level integration, wafer manufacturing and packaging and testing phases for wireless sensor SoCs. Among these, companies with wireless sensor SoC design capabilities and system-level integration expertise possess significant technical barriers in the midstream, acting as key drivers for product differentiation and innovative solutions.

The downstream segment includes diverse application scenarios such as automotive, industrial and energy storage. With the continuous advancement of the intelligence wave and the growing demand for the Internet of Everything ("IoE"), wireless sensor SoCs are expected to penetrate multiple scenarios, becoming a key foundational component that drives the widespread adoption of smart sensors and the development of edge intelligence.

Value Chain of Wireless Sensor SoC Industry

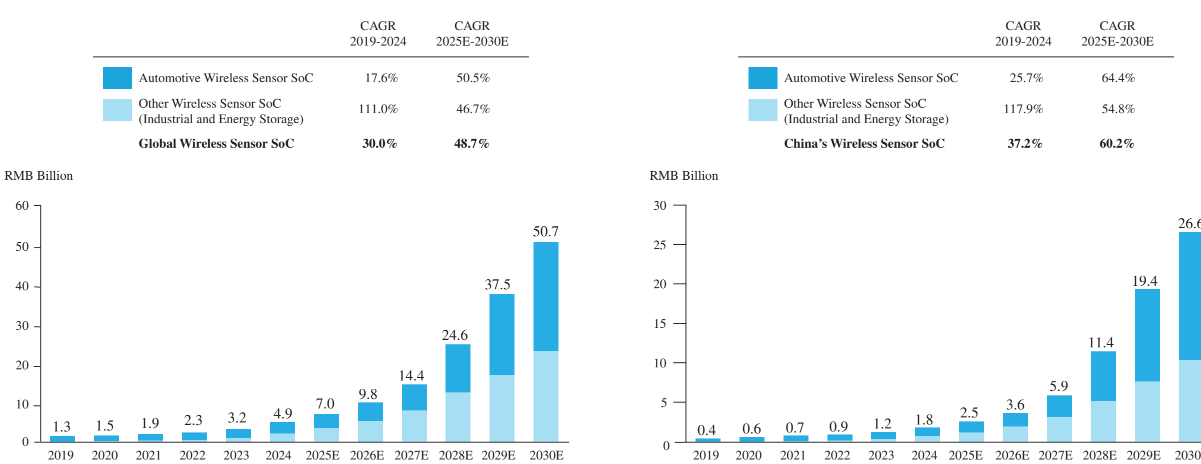


Source: Frost & Sullivan

Market Size of Global and China's Wireless Sensor SoC Industry

Wireless sensor SoCs are poised for sustained demand growth as industries move toward more intelligent and flexible sensing solutions. By reducing wiring constraints, wireless sensing enables easier deployment, real-time monitoring and broader application in smart mobility, manufacturing and energy systems. It is expected that the market size of global wireless sensor SoC industry will increase from RMB7.0 billion in 2025 to RMB50.7 billion in 2030, at a CAGR of 48.7%. It is expected that the market size of wireless sensor SoCs in China will increase from RMB2.5 billion in 2025 to RMB26.6 billion in 2030, at a CAGR of 60.2%.

Market Size of Wireless Sensor SoC Industry by Revenue (Global and China), 2019-2030E



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Competitive Landscape of Global Wireless Sensor SoC Industry

The global wireless sensor SoC industry is still in its early stages of development, with market players actively exploring applications and refining solutions. Some traditional international sensor chip companies are gradually extending their portfolios to include wireless sensor SoCs. Meanwhile, some startups are emerging, focusing on integrated design and cost-effective solutions tailored for different scenarios. This evolving landscape reflects both technological convergence and growing competition.

OVERVIEW OF GLOBAL AND CHINA'S WIRELESS SENSOR SOC INDUSTRY—AUTOMOTIVE APPLICATION

Introduction of Automotive-grade SoCs

Automotive-grade chips refer to integrated circuits that are designed, manufactured and tested according to rigorous automotive industry standards. These chips are capable of operating reliably under extreme temperatures, EMI, humidity fluctuations and must meet stringent requirements for high reliability, long lifespan and functional safety. As critical components in modern vehicles, automotive chips support a broad range of applications including autonomous driving systems, smart cockpits, chassis control, powertrains and body electronics, making them foundational to the development of intelligent and electrified mobility.

Automotive-grade SoCs are specifically designed, manufactured, packaged and tested to meet the stringent requirements of automobiles. Compared to consumer and industrial SoCs, they are held to significantly higher standards in terms of performance, functional safety, reliability and longevity. Automotive-grade SoCs typically comply with certifications such as AEC-Q100 for reliability and ISO 26262 ASIL D for road vehicles functional safety and are developed under IATF 16949 quality management systems to ensure stable and safe operation throughout the vehicle's lifespan.

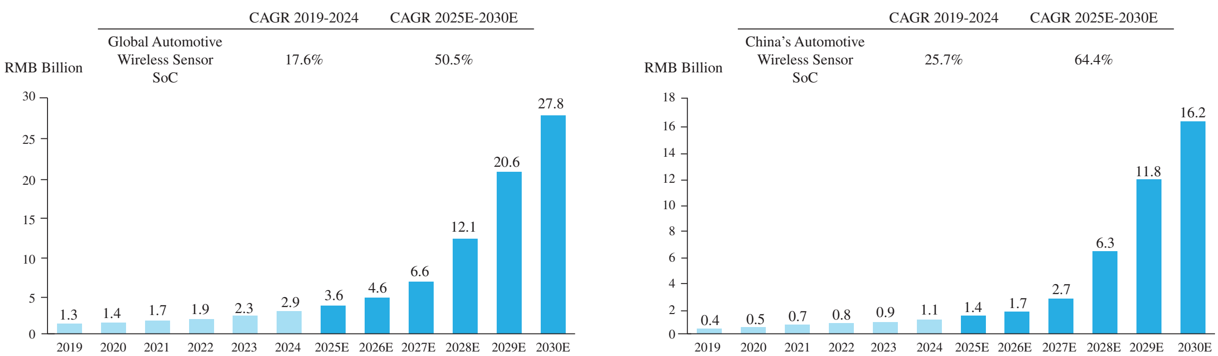
Definition of Automotive Wireless Sensor SoCs

Automotive wireless sensor SoCs are a specialized type of automotive-grade SoCs designed for real-time environmental sensing and short-range wireless communication. Integrated into in-vehicle sensors, they collect key data such as voltage, current, impedance, tire pressure, temperature, humidity, acceleration and gas concentration. These SoCs incorporate sensor interfaces, microcontrollers, wireless transceivers (e.g., Bluetooth, ultra wide band ("UWB")) and low-power processing units into a compact package. By enabling wireless data acquisition, edge processing and communication with domain controllers or central electronic control units, they help reduce wiring complexity and enhance system flexibility. Currently, wireless TPMS SoCs represent the most established application scenario within the automotive wireless sensor SoCs. Other automotive wireless sensor SoCs, such as wBMS SoCs, remain in the initial phase of mass production.

Market Size of Global and China's Automotive Wireless Sensor SoC Industry

Driven by the shift toward centralized electrical/electronic ("E/E") architectures and the demand to reduce wiring complexity, wireless sensor SoCs are expected to become essential to intelligent and connected vehicle functions. Their support for real-time sensing and wireless communication enables more flexible, modular designs, accelerating their adoption across automotive applications. The global market size of automotive wireless sensor SoCs is expected to increase from RMB3.6 billion in 2025 to RMB27.8 billion in 2030, at a CAGR of 50.5%. In China, the market size is expected to grow from RMB1.4 billion to RMB16.2 billion over the same period, at a CAGR of 64.4%, making it the primary driver of global market expansion as the world's largest auto producer and consumer.

Market Size of Automotive Wireless Sensor SoC Industry by Revenue (Global and China), 2019-2030E



Source: China Association of Automobile Manufacturers; Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Overview of Wireless Tire Pressure Monitoring System SoCs

A wireless TPMS SoC refers to a highly integrated semiconductor chip specifically designed for automotive tire pressure monitoring systems. This chip is responsible for real-time sensing of tire pressure data, processing signals and wirelessly transmitting the data to the vehicle's receiving system. This enables safety monitoring and optimization of vehicle performance. Countries and regions including Europe, the United States and China have introduced regulations related to TPMS:

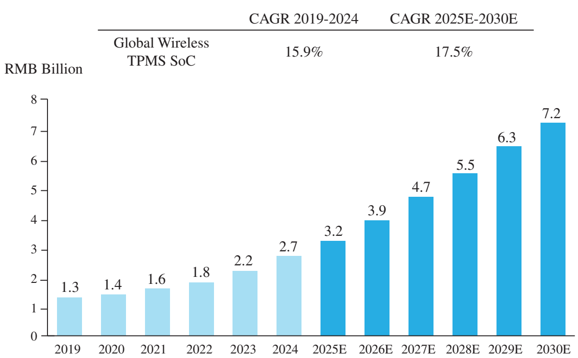
Country/Region	Major Regulation related to TPMS
the U.S.	In 2005, the U.S. National Highway Traffic Safety Administration ("NHTSA") issued "Federal Motor Vehicle Safety Standard ("FMVSS") No. 138: Tire Pressure Monitoring Systems." This regulation mandates that, starting from September 2007, all new passenger vehicles, light trucks and buses with a gross vehicle weight rating of 10,000 pounds or less must be equipped with TPMS.
the EU	In 2009, the European Parliament and the Council of the European Union adopted Regulation (EC) No 661/2009, which mandates the installation of TPMS in vehicles. According to the regulation, starting from November 1, 2012, new passenger vehicle models without TPMS cannot receive type approval. From November 1, 2014, all new passenger vehicles sold or registered in the EU must be equipped with TPMS. In recent years, the EU expanded TPMS requirements to cover additional vehicle categories under Regulation (EU) 2019/2144 (General Safety Regulation II). TPMS has become mandatory for new trucks, trailers, buses and coaches. Starting from July 2022, the regulation applies to new type approvals and from July 2024, all newly registered vehicles in these categories must be equipped with functional TPMS.
China	China introduced its own standard with the release of Performance Requirements and Test Methods of Tire Pressure Monitoring System for Passenger Cars (GB 26149-2017) in 2017. According to this standard, since 2019, Chinese regulations have required all newly approved passenger vehicles to be equipped with TPMS and starting in 2020, TPMS installation has become mandatory for all passenger vehicles in production.

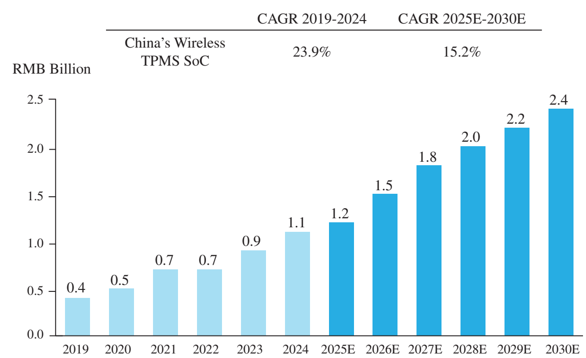
Source: Frost & Sullivan

Market Size of Global and China's Wireless TPMS SoC Industry

With the continuous improvement of global regulations and standards related to TPMS, the global market size of wireless TPMS SoCs increased from RMB1.3 billion in 2019 to RMB2.7 billion in 2024 at a CAGR of 15.9%. Driven by steady growth in global automobile sales and increasing penetration rate of TPMS both in passenger and commercial vehicles, it is expected that global automotive wireless TPMS SoC market size will increase from RMB3.2 billion in 2025 to RMB7.2 billion in 2030, at a CAGR of 17.5%. The market size of wireless TPMS SoCs in China increased from RMB0.4 billion in 2019 to RMB1.1 billion in 2024, at a CAGR of 23.9%. It is expected that China's market size will further increase from RMB1.2 billion in 2025 to RMB2.4 billion by 2030, at a CAGR of 15.2%.

Market Size of Wireless TPMS SoC Industry by Revenue (Global and China), 2019-2030E





Source: China Association of Automobile Manufacturers; Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Overview of Automotive Wireless Battery Monitoring System SoCs

wBMS SoC refers to a highly integrated chip designed for battery management systems. It combines functions including battery state monitoring, signal conditioning, edge computing and low-power wireless communication and is suitable for new NEV power batteries as well as energy storage batteries.

Traditional wired BMS sensor chips require complex cabling and high-voltage manufacturing, which increase system costs and hinder traceability. In contrast, wBMS sensor chips are expected to simplify system design by adopting low-voltage processes and eliminating wiring through wireless connectivity. Once mass-produced, they will likely reduce manufacturing and integration costs while enabling synchronous sampling and cell-level sensor fusion for higher data accuracy and granularity. Their modular architecture will also enhance system scalability and enable full lifecycle monitoring of individual battery cells. Driven by the pursuit of cost efficiency, technology upgrades and compliance with stricter safety regulations, wBMS sensor chips are expected to become a mainstream solution in next-generation BMS, especially in NEVs and energy storage systems.

Comparison of Wired BMS and wBMS Sensor Chips

Comparison Dimension	Wired BMS Sensor Chips	wBMS Sensor Chips
Traceability	Unable to realize lifecycle traceability of the battery cell	Enhancing lifecycle traceability and safety
Wiring and Layout Complexity	Relies on large amounts of wiring, complex layout and high production process requirements	Significantly simplifies wiring and connections, reducing layout complexity and failure rate
Manufacturing Process and Costs	Requires high-voltage process, higher system cost	Uses low-voltage wafer process, simplified assembly, lower system costs
Sampling Method	Serial sampling, asynchronous voltage data	Supports synchronous sampling, improves SoC accuracy
Reliability & Scalability	Complex system, limited reliability and scalability	Modular design, simplified architecture, better scalability and ease of maintenance

Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

In wBMS architectures, multi-channel sampling refers to one sensor chip managing multiple battery cells, while single-channel sampling means one sensor chip corresponds to a single cell. Multi-channel sampling faces challenges such as complex manual assembly and limited sensor integration. In contrast, single-channel sampling solutions, featuring higher chip-level integration, are more compatible with full automation, enabling improved consistency, finer sensor fusion at the cell level and the potential for lower system costs once large-scale production is realized. Looking ahead, single-channel sampling is expected to be favored for its integration advantages and scalability, especially in next-generation wBMS systems which require high granularity and automated manufacturing.

Comparison of Multi-Channel Sampling and Single-Channel Sampling

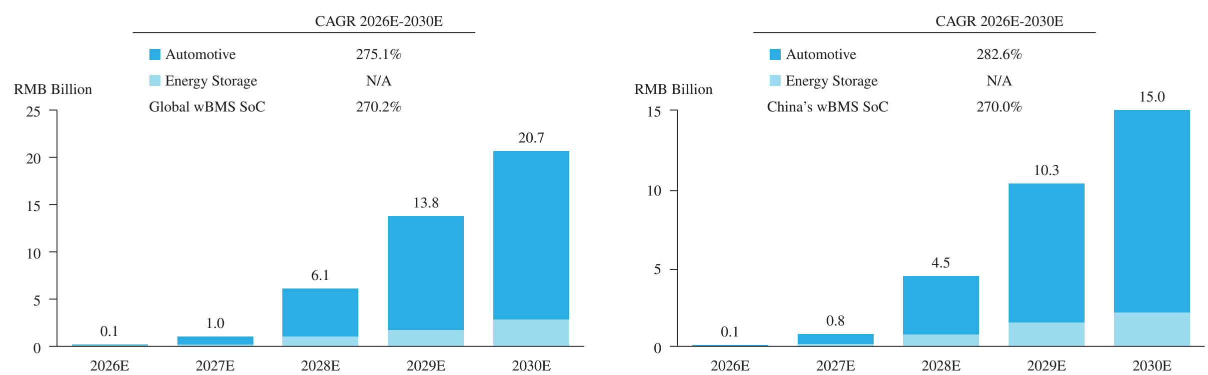
Comparison Dimension	Multi-Cell Mode (Multi-Channel Sampling)	Single-Cell Mode (Single-Channel Sampling)
Costs *(based on post mass-production)*	Relatively higher overall system cost than single-channel sampling	Higher integration, potential for lower system cost
Assembly Complexity	Requires certain manual operations of connector and wiring	Enables full-automation assembly, improving consistency and efficiency
Sensor Fusion Capability	Difficult to support multi-sensor integration	Multi-sensor integration in a single chip, easier sensor fusion, enabling better sensing accuracy
Lifecycle Management	Challenges tracking battery cell status across full lifecycle	Better lifecycle management, cell status is traceable across all stages

Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Market Size of Global and China's Automotive wBMS SoC Industry

Supported by stricter safety standards and growing demand for efficient and reliable battery monitoring, wBMS SoCs are expected to gain momentum globally. The market size of global wBMS SoC industry by revenue is projected to surge from RMB0.1 billion in 2026 to RMB20.7 billion by 2030, at a CAGR of 270.2%. China's wBMS SoC market size is expected to grow rapidly, accounting for the majority of global market as revenue rises from RMB0.1 billion in 2026 to RMB15.0 billion by 2030, at a CAGR of 270.0%.

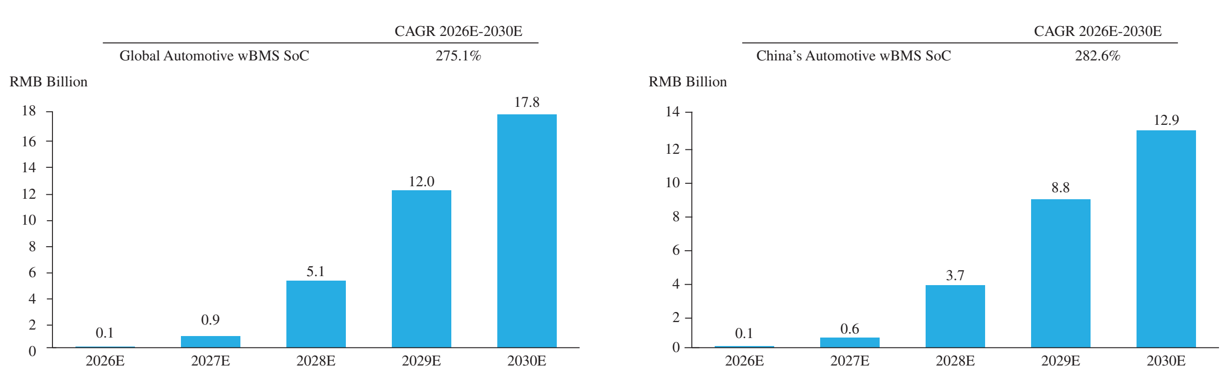
Market Size of wBMS SoC Industry by Revenue (Global and China), 2026E-2030E



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

The adoption of automotive wBMS SoCs is set to grow continuously in the coming years, driven by the shift toward high-voltage EV platforms, modular battery designs and automotive OEMs' demand for reduced wiring, improved scalability and cost efficiency. Globally, the market size of automotive wBMS SoCs by revenue is expected to surge RMB0.1 billion in 2026 to RMB17.8 billion by 2030, at a CAGR of 275.1%. Leveraging its strengths in power battery and NEV development, China's automotive wBMS SoC market size is expected to grow rapidly, accounting for the majority of global market as revenue rises from RMB0.1 billion in 2026 to RMB12.9 billion by 2030, at a CAGR of 282.6%.

Market Size of Automotive wBMS SoC Industry by Revenue (Global and China), 2026E-2030E



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Market Drivers and Developing Trends Analysis of Automotive Wireless Sensor SoC Industry

NEV growth and battery safety fuel wireless sensor SoC evolution

Amid the global transition to cleaner energy systems, the growing adoption of NEVs is driving strong demand for automotive sensor SoCs, particularly those leveraging wireless technologies. Wireless sensor SoCs used in applications such as wireless TPMS and wBMS are becoming key industry trends, gradually replacing traditional wired architectures due to their complexity and added weight. For instance, low-power Bluetooth SoCs in TPMS not only reduce wiring but also contribute to vehicle weight reduction and extended driving range. Similarly, wireless sensor SoCs in BMS improve system reliability and monitoring precision while significantly simplifying electrical layouts. These advantages are especially critical for high-energy-density battery systems that demand rigorous safety monitoring and real-time diagnostics. As wireless sensor technologies continue to mature and prove their value, the adoption of wireless sensor SoCs is expected to accelerate, driving the automotive industry toward greater levels of lightweighting, digitalization and energy efficiency.

Regulatory mandates fuel the rise of wireless sensor SoCs in vehicles

Regulatory mandates and safety standards are accelerating the adoption of wireless sensor SoCs in the automotive sector. Major automotive markets around the world are tightening regulations related to vehicle safety, energy efficiency and environmental impact, directly driving the integration of wireless sensing technologies into vehicles. In China, the mandatory implementation of TPMS standards has significantly boosted the penetration of TPMS. Meanwhile, global regulations are increasingly strengthening requirements for BMS, driving continuous advancements in relevant sensing technologies. For instance, China's GB 38031-2025 Safety Requirements for Power Batteries for Electric Vehicles (電動汽車用動力蓄電池安全要求), effective July 2026, imposes stricter standards, replacing the previous "five-minute fire/explosion warning" with a new requirement of "no fire, no explosion" and adding bottom impact tests to evaluate structural safety. Similarly, the EU's "New Battery Regulation" mandates advanced BMS capabilities, including real-time battery health monitoring and over-the-air update functions. These tightening standards, combined with the shift toward high-voltage, high-energy-density systems, are accelerating the deployment of wBMS SoCs that offer real-time data, simplified design and enhanced safety coordination.

Wireless sensor SoCs drive smart and lightweight vehicle design

The growing complexity of intelligent vehicle functions and the industry shift toward centralized E/E architectures are accelerating the adoption of wireless sensor SoCs in automotive applications. As the number of sensors in vehicles increases, traditional wired connections lead to challenges such as added weight, higher costs and limited design flexibility. Wireless sensor SoCs, leveraging technologies such as Bluetooth and UWB, offer clear advantages in reducing cable complexity, enabling lightweight design and supporting low-latency, scalable communication. These solutions align well with centralized computing platforms, where flexible integration of sensor data is essential. With continued technological advancements, wireless sensor SoCs are expected to play a key role in enabling modular, intelligent and lightweight vehicle architectures.

Battery architecture evolution accelerates adoption of wBMS SoCs

As power batteries evolve toward higher energy density, larger cell sizes and greater reliability, traditional wired BMS architectures face mounting challenges in terms of wiring complexity, failure risk and maintainability. The shift toward simplified battery structures, with fewer, larger cells, makes wBMS SoC increasingly attractive. By eliminating signal cabling, wBMS SoCs reduce system complexity, streamline assembly and improve packaging efficiency. It also enhances monitoring accuracy and reliability, which is critical for managing large-format cells and controlling thermal propagation. In addition, wireless architectures enable greater modularity and smarter battery system management, aligning well with the future direction of software-defined vehicles.

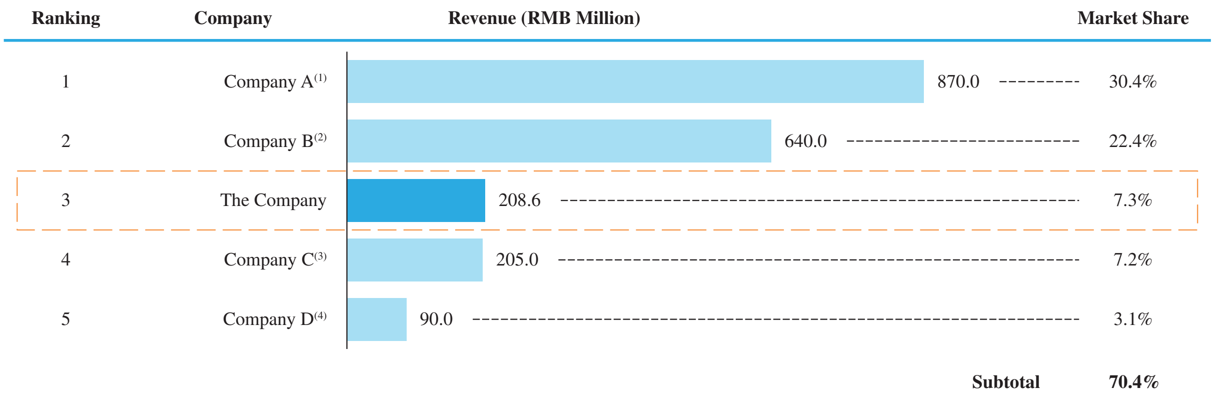
Multi-scenario integration drives the emergence of platform-based wireless sensor SoCs

Automotive wireless sensor SoCs are evolving toward multi-scenario integration, giving rise to a "platform-based" development path. SoC makers are increasingly designing versatile SoCs that combine universal sensor interfaces, ultra-low-power wireless connectivity and embedded intelligence. These platform-based SoCs offer high configurability and adaptability, enabling seamless integration across various automotive subsystems. Their core technologies also align well with requirements in adjacent sectors such as industrial automation and energy storage, facilitating cross-industry design reuse. This approach enhances development efficiency, reduces time-to-market and improves cost-effectiveness through scale.

Competitive Landscape of Wireless Automotive SoC Industry

The global market size of wireless automotive sensor SoCs reached approximately RMB2.9 billion in 2024. The top five providers collectively accounted for 70.4% of the global market in 2024. The Company generated RMB208.6 million in revenue from wireless automotive sensor SoCs, ranking third with a market share of 7.3% in global wireless sensor SoC industry in 2024.

Ranking of Global Wireless Automotive Sensor SoC Providers by Revenue, 2024



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

(1) Founded in 1999 and headquartered in Germany, Company A is a global semiconductor company listed on the Frankfurt Stock Exchange and also traded on the U.S. OTCQX International market. The company develops, manufactures, and markets a wide range of semiconductor-based products and solutions, including microcontrollers, power semiconductors, and sensors. Its portfolio also encompasses wireless automotive sensor SoCs, such as wireless automotive TPMS SoCs, which enhance vehicle safety and efficiency.

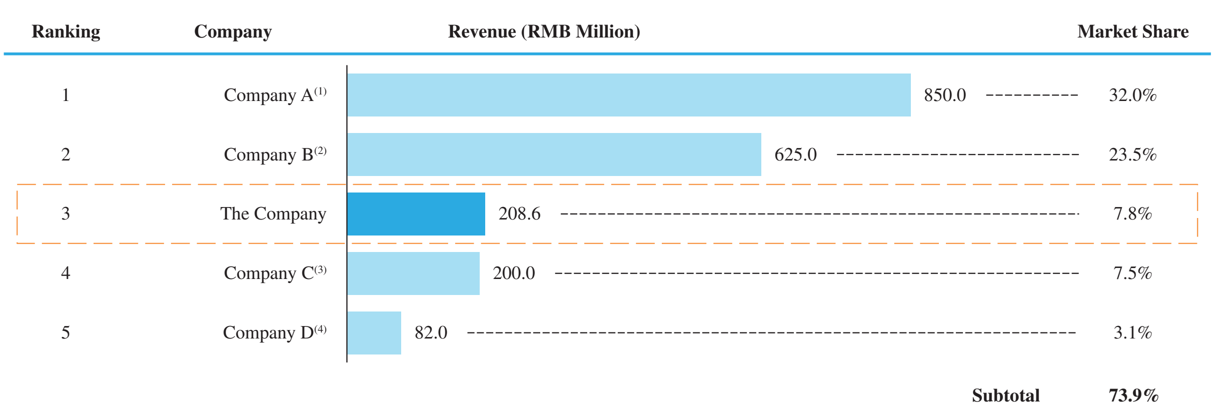
(2) Founded in 1916 and headquartered in the United States, Company B is a global industrial technology company listed on the New York Stock Exchange. It provides a broad range of sensors, controllers, and power management solutions for critical applications across the automotive, industrial, and aerospace sectors, including wireless automotive sensor SoCs. The TPMS SoCs of Company B are primarily supplied for its own modules.

(3) Founded in 2006 and headquartered in the Netherlands, Company C is a global semiconductor company listed on NASDAQ. The company focuses on automotive and industrial semiconductors, offering solutions spanning sensors, microcontrollers, and secure connectivity to address automotive functional safety requirements. Its product lineup also includes wireless automotive sensor SoCs.

(4) Founded in 1988 and headquartered in Belgium, Company D is a semiconductor solutions provider listed on Euronext Brussels Exchange. The company develops products for the automotive, industrial, and consumer electronics sectors, with a strong emphasis on sensor and driver ICs. Its portfolio also includes wireless automotive sensor SoCs, delivering advanced sensing and wireless communication solutions to vehicles.

The TPMS SoC market is primarily composed of global sensor chip manufacturers alongside rapidly emerging leading Chinese domestic chip companies in recent years. The global market size of wireless TPMS SoCs reached approximately RMB2.7 billion in 2024. The top five wireless TPMS SoC providers together held a 73.9% share of the global market in 2024. The Company recorded revenue of RMB208.6 million from wireless TPMS SoCs, ranking third with a market share of 7.8% in global wireless TPMS SoC industry in 2024.

Ranking of Global Wireless TPMS SoC Providers by Revenue, 2024



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

See footnotes (1) – (4) to the table above.

OVERVIEW OF GLOBAL AND CHINA'S WIRELESS SENSOR SOC INDUSTRY—OTHER CORE APPLICATIONS

Introduction of Non-Automotive Core Applications of Wireless Sensor SoCs

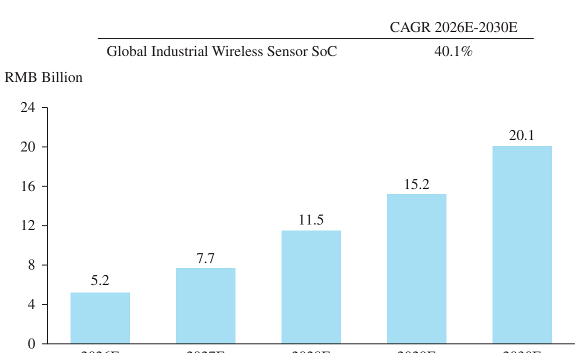
In non-automotive core scenarios, such as industrial and energy storage sectors, wireless sensor SoCs play a critical role in enabling device intelligence, automation and connectivity. As industries accelerate their digital transformation and smart upgrades, these SoCs, as key components of sensing systems, are becoming fundamental to the deployment of intelligent technologies. With advantages such as ultra-high integration, low power consumption and real-time data processing, wireless sensor SoCs are expected to gradually replace traditional discrete solutions.

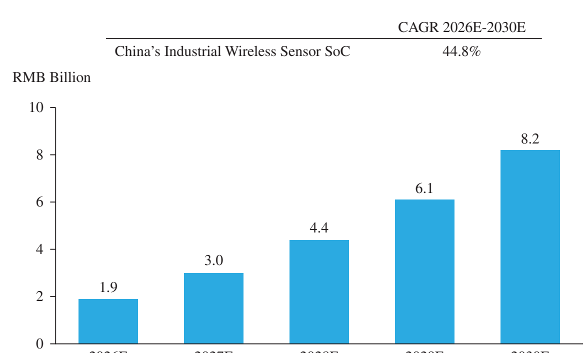
Market Size of Global and China's Wireless Sensor SoCs for Industrial Application

Within industrial ecosystems, wireless sensor SoCs will predominantly serve advanced manufacturing and intelligent production monitoring scenarios. These next-generation industrial applications will demand even more stringent technical specifications from sensor SoCs, which requires unprecedented levels of precision and reliability in core performance metrics, and simultaneously necessitates seamless compatibility with future Industrial IoT ("IIoT") architectures and next-generation automated control systems. These evolving technical requirements will collectively ensure wireless sensor SoCs maintain optimal stability and adaptability in future smart industrial environments.

Over the next five years, both the global and China's industrial wireless sensor SoC markets are expected to expand, gradually replacing traditional discrete solutions in relevant application scenarios. Driven by ongoing progress in smart manufacturing and industrial digitalization, the global revenue of industrial wireless sensor SoCs is expected to increase from RMB5.2 billion in 2026 to approximately RMB20.1 billion by 2030, at a CAGR of 40.1%. In China, promoted by national initiatives such as the "Smart Manufacturing" strategy and continued upgrade in domestic industrial sectors, the revenue of wireless sensor SoCs is expected to rise from RMB1.9 billion in 2026 to RMB8.2 billion by 2030, at a CAGR of 44.8%.

Market Size of Industrial Wireless Sensor SoC by Revenue (Global and China), 2026E-2030E





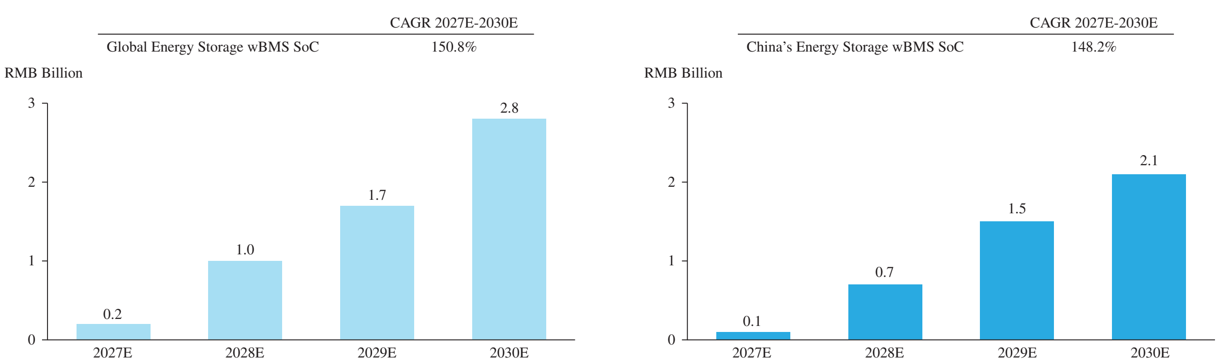
Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Market Size of Global and China's Wireless Sensor SoCs for Energy Storage

The application of wireless sensor SoCs in energy storage primarily focuses on battery management. These SoCs provide essential support for battery health prediction, thermal runaway prevention and intelligent dispatching, driving the intelligent upgrade of energy storage systems. The energy storage sector is experiencing rapid and diversified growth, spanning grid-side peak shaving and frequency regulation, backup power for commercial, industrial and data center applications and residential distributed storage. These scenarios place increasing demands on battery safety, maintainability and intelligent management. Given the larger number of cells, more complex architecture and limited space in energy storage systems, wireless sensor SoCs, with advantages such as flexible deployment, reduced wiring and easier maintenance, are emerging as a viable alternative to traditional wired solutions.

In the coming years, the global and China's energy storage wBMS SoC markets are expected to enter a phase of rapid expansion, driven by the ongoing global energy transition and increasing demand for intelligent energy storage systems. The global revenue of energy storage wBMS SoCs is expected to grow RMB0.2 billion in 2027 to RMB2.8 billion in 2030, at a CAGR of 150.8%. China, as a key player in the global energy storage sector, is expected to an expanded market size in terms of revenue from RMB0.1 billion in 2027 to RMB2.1 billion in 2030, at a CAGR of 148.2%, supported by national policies such as the "dual carbon" strategy.

Market Size of Energy Storage wBMS SoC by Revenue (Global and China), 2027E-2030E



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Market Drivers and Developing Trends Analysis of Non-Automotive Core Applications of Wireless Sensor SoCs

Wireless, low power and high integration

With the increasing requirements from IIoT and energy storage systems for flexible device deployment, simplified wiring and remote operation and maintenance, traditional sensor chips are gradually evolving toward wireless communication, ultra-low power consumption and higher levels of integration. Industrial and energy storage equipment often operates under demanding conditions such as extended duty cycles, high temperatures, humidity and EMI, which raise the bar for sensor environmental adaptability, data stability and long-term reliability. Wireless sensor SoCs, by integrating multiple sensing interfaces, embedded edge computing and low-power wireless communication modules, enable local data processing and real-time transmission. This helps reduce overall system power consumption and wiring complexity, supporting more intelligent and resilient deployment in industrial and energy storage environments.

Scaling of energy storage systems accelerates wBMS adoption

As energy storage systems scale up in size and complexity, the operational and maintenance requirements are becoming more demanding. This trend is driving the rise of the wBMS as an ideal solution to replace traditional wired BMS architectures. Compared with wired systems, wBMS offers greater flexibility and scalability, allowing for streamlined design, simplified assembly and reduced wiring complexity, which is particularly important in large-scale containerized or modular storage systems. wBMS solutions enable fine-grained, cell-level monitoring and data collection, which is critical for achieving safe, stable operation and full lifecycle traceability of energy storage units. This also facilitates more efficient system upgrades and maintenance, unlocking long-term cost advantages and deployment agility.

Embedded intelligence and edge AI integration

The deep integration of AI and edge computing has become a central driver in the evolution of wireless sensor SoCs. In industrial environments where real-time responsiveness and energy efficiency are critical, such as predictive maintenance, machine diagnostics and adaptive robotics, the shift toward local intelligence is accelerating. Wireless sensor SoCs for industrial application are increasingly being designed with embedded AI processing units, enabling local analysis of sensor data and eliminating the latency and overhead of cloud-based computing. These SoCs form a closed-loop system that supports "sense-analyze-decide-wireless transmit" functions within milliseconds, dramatically improving system responsiveness while reducing bandwidth and energy consumption. This evolution is especially valuable in use cases such as automotive-grade TPMS, robotic condition monitoring and smart production line control.

Multi-modal sensing and solution oriented innovation

Application scenarios such as smart factories and intelligent energy stations are demanding higher sensing diversity, pushing wireless sensor SoCs from single-variable detection toward multi-modal sensing capabilities. This transformation is being accelerated by the convergence of software and hardware innovation, giving rise to the "Sensor-as-a-Service" model. In this model, enterprises move beyond supplying discrete hardware components to delivering complete sensing and analytics solutions. This shift is unlocking system-level value in digital twin applications for industrial systems, as well as in smart energy storage platforms enabled by wBMS. Multi-modal wireless SoCs capable of handling temperature, pressure, vibration and spatial data simultaneously are becoming increasingly essential, representing a next-generation sensing architecture that supports holistic monitoring, intelligent decision-making and service-based delivery across industrial and energy ecosystems.

ENTRY BARRIERS OF GLOBAL AND CHINA'S WIRELESS SENSOR SOC INDUSTRY

Technology Barrier

Wireless sensor SoCs are among the most technically demanding chip categories, requiring the integration of radiofrequency communication, high-precision sensor interfaces, signal conditioning, power management and embedded processing within a single chip. These systems must also operate reliably in harsh environments such as high temperature, high pressure, vibration and strong EMI particularly in automotive and industrial applications. Designing SoCs that meet such requirements involves multi-domain cross-functional expertise, long development cycles and significant engineering resources. The complexity of coordinating ultra-low power operation, analog-digital conversion accuracy and radiofrequency robustness makes this a high-barrier sector, deterring new entrants lacking deep technical reserves and proven design capability.

Certification Barrier

To enter regulated markets such as automotive, industrial automation, or energy infrastructure, wireless sensor SoC products must undergo stringent certification processes. For automotive applications, for example, SoCs must meet automotive-grade reliability standards such as AEC-Q100, while industrial-grade chips often require adherence to the International Electrotechnical Commission, ISO, or industry-specific robustness protocols. In addition, because these chips incorporate wireless communication modules, they must pass protocol certifications such as Bluetooth SIG, Zigbee Alliance, or LoRaWAN compliance testing. These certifications are time-consuming, resource-intensive and costly, thus requiring comprehensive testing, long validation cycles and documentation. This high bar significantly delays time-to-market for newcomers and gives established players with pre-certified platforms an enduring competitive advantage.

Customer Barrier

Wireless sensor SoCs, especially in mission-critical sectors such as automotive, industrial machinery and energy storage, demand high levels of reliability, consistency and proven performance over extended timeframes. Market leaders in this domain have built up decades of credibility through robust field deployment, established technical support systems and long-term partnerships with tier 1 customers. These incumbents benefit from a compound barrier built from technical maturity, qualification history and close customer collaboration. As a result, downstream clients are typically conservative and risk-averse, preferring to work with vendors with a proven track record. For new entrants, gaining customer trust and replacing entrenched suppliers is extremely difficult without extensive field validation and industry references.

Supply Chain Barrier

Wireless sensor SoCs rely on specialized manufacturing processes and advanced packaging technologies, which must be supported by mature foundry platforms and backend assembly capabilities. As a result, chip design companies need to build tightly coordinated supply chains with wafer fabs and outsourced semiconductor assembly and test providers, with stringent requirements for production capacity, quality control and delivery reliability. Leading players have secured access to advanced process nodes and high-performance packaging resources, allowing them to achieve higher integration and maintain a generation lead. This creates substantial entry barriers for new market participants, who often face challenges in accessing critical manufacturing resources and ensuring yield and cost competitiveness.

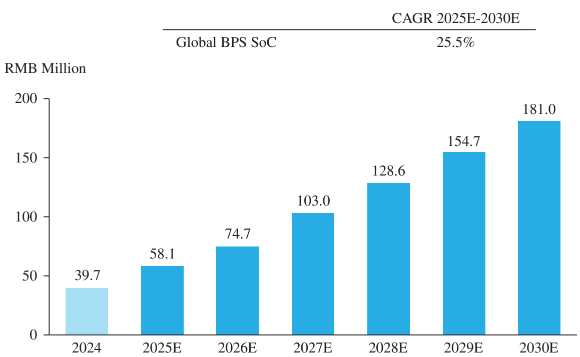
OVERVIEW OF GLOBAL AND CHINA'S BPS SOC INDUSTRY

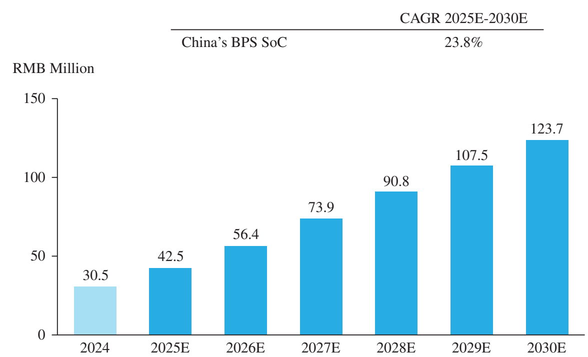
Introduction of BPS SoCs

A BPS SoC is a pressure sensor chip designed for use in BMS. It monitors abnormal internal pressure changes within a battery pack, especially in the case of thermal runaway events. By promptly detecting early warning signals, the BPS SoC can rapidly wake the BMS from sleep mode into active mode and trigger protective measures, including high-voltage disconnection and accelerated cooling.

Market Size of Global and China's BPS SoC Industry

Market Size of BPS SoC Industry by Revenue (Global and China), 2024-2030E





Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

Driven by increasingly stringent safety regulations and the rapid growth of the NEV market, the adoption of BPS SoCs is accelerating. The global and China's market size of BPS SoCs reached RMB39.7 million and RMB30.5 million in 2024, respectively. The Company is the first company that launched BPS SoC globally. The Company ranked No.1 globally in terms of the revenue from BPS SoC products in 2024, with a market share of over 50%.

The issuance of GB 38031-2025 Safety Requirements for Power Batteries for Electric Vehicles (電動汽車用動力蓄電池安全要求), effective from July 2026, mandates that NEV power batteries must not ignite or explode within two hours following a thermal runaway event. This significantly raises the bar for battery safety standards and is expected to accelerate the penetration of BPS SoCs. Meanwhile, BPS SoCs are expected to evolve toward higher integration, lower power consumption, and faster response capabilities to support increasingly complex BMS architectures. In 2030, global and China's market size of BPS SoC industry by revenue is projected to reach RMB181.0 million and RMB123.7 million, respectively.

OVERVIEW OF GLOBAL AND CHINA'S AUTOMOTIVE-GRADE USI SOC INDUSTRY

Introduction of Automotive-grade USI SoC

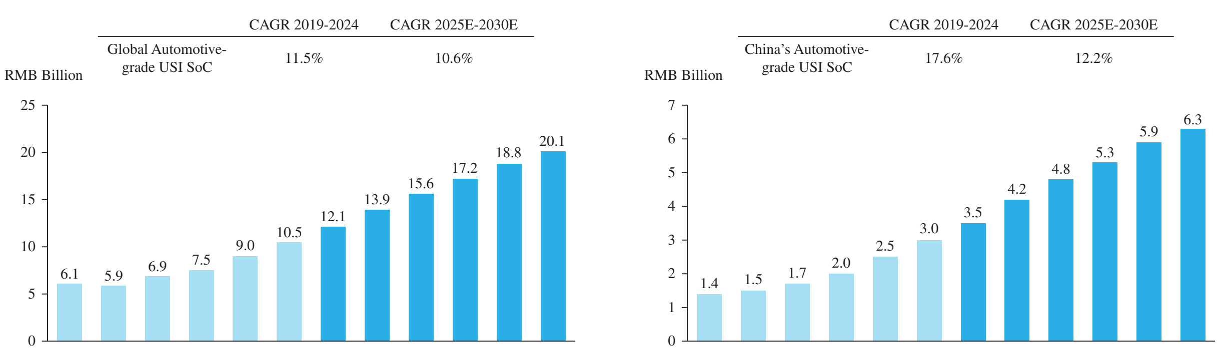
An automotive-grade USI SoC is a type of SoC specifically designed to support a diverse range of sensor interfaces within automotive applications. These USI SoCs integrate multiple types of sensor interfaces, including pressure sensor signal conditioning, temperature and humidity sensing, position sensing and other vehicle sensor inputs. Engineered to meet stringent automotive requirements for reliability, temperature tolerance and EMC, automotive-grade USI SoCs provide high-precision signal acquisition, calibration and conversion, playing a critical role in sensor fusion and vehicle control systems.

Market Size of Global and China's Automotive-grade USI SoC Industry

Automotive-grade USI SoCs are seeing increasing adoption as vehicles become more electrified and intelligent. The global and China's market size of automotive-grade USI SoC reached RMB10.5 billion and RMB3.0 billion in 2024, respectively. As automotive intelligence advances and consumer expectations for comfort, efficiency and performance continue to rise, the demand for automotive-grade USI SoCs is expected to grow steadily.

In the future, automotive-grade USI SoCs will continue to develop toward stronger adaptability, faster response times, higher precision and better reliability and stability, leading to wider adoption in automobile. In 2030, global and China's market size by revenue of automotive-grade USI SoC industry is expected to reach RMB20.1 billion and RMB6.3 billion, respectively.

Market Size of Automotive-grade USI SoC Industry by Revenue (Global and China), 2019-2030E



Source: Interviews with industry experts by Frost & Sullivan; Frost & Sullivan

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our business operations.

REGULATIONS ON COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

Pursuant to the PRC Company Law promulgated by the SCNPC on December 29, 1993, which was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively, and has come into force on July 1, 2024, the Company Law shall apply to all companies established in the PRC. The Company Law, which regulates the establishment, corporate structure and management of companies, also applies to foreign-invested companies. Where laws on foreign investment provide otherwise, such provisions shall prevail.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "FIL"), which was promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, provides that the "foreign investment" refers to the investment activities in China carried out directly or indirectly by foreign individuals, enterprises or other organizations (the "Foreign Investors"), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The FIL further adopts the management system of pre-establishment national treatment and negative list for foreign investment. The "pre-establishment national treatment" refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; and the "negative list" refers to special administrative measures for access of foreign investment in specific fields as stipulated by the state. The FIL granted national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council.

In December 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "Implementation Rules") which came into effect in January 2020. The Implementation Rules further clarified that the state shall encourage and promote foreign investment, protect the lawful rights and interests in foreign investments, regulate foreign investment administration, continue to optimize foreign investment environment and advance a higher-level opening.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version) (外商投資准入特別管理措施(負面清單) (2024年版)), and the Catalogue of Industries for Encouraging Foreign Investment (2022 version) (鼓勵外商投資產業目錄 (2022年版)) (the "Encouraging List") amended and promulgated by MOFCOM and the NDRC in October 2022. The Negative List, which came into effect on November 1, 2024, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List, which came into effect on January 1, 2023, sets out the encouraged industries for foreign investment. The Negative List cover 12 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of the Negative List and is not subject to special administrative measures.

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was released by MOFCOM and the SAMR on December 30, 2019, and became effective on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports, etc. to the competent commerce authorities in accordance with the Measures on Reporting of Foreign Investment Information. When submitting an annual report, a foreign-invested enterprise shall submit the basic information on the enterprise, the information on the investors and their actual controlling party, the enterprise's operation and asset and liabilities information, etc., and where the foreign investment admission special administrative measures are involved, the foreign investment enterprise shall also submit the relevant industry licensing information.

REGULATIONS ON THE INTEGRATED CIRCUIT INDUSTRIES

From 2010 to 2021, the State Council had issued a series of regulations aimed at promoting the development of the integrated circuit industry, which include the Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries (國務院關於加快培育和發展戰略性新興產業的決定), the Notice of the State Council on Promulgation of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知), the Outline for Advancing the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), Made in China (2025) (中國製造(2025)), the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (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).

On January 25, 2017, the National Development and Reform Commission promulgated Strategic Emerging Industries Key Products and Services Guidance Catalog (戰略性新興產業重點產品和服務指導目錄, which includes integrated circuit chip design and services as a key product and service in the strategic emerging industries.

On March 28, 2018, the MOF, the SAT, the National Development and Reform Commission and the MIIT jointly promulgated the Notice on Issues Concerning Corporate Income Tax Policies for Integrated Circuit Manufacturers (關於集成電路生產企業有關企業所得稅政策問題的通知), which grants income tax exemptions or reductions to some integrated circuit manufacturing companies. The next year, the MOF and the SAT jointly promulgated the Announcement on Income Tax Policies for Integrated Circuit Design and Software Enterprises (關於集成電路設計和軟件產業企業所得稅政策的公告). Pursuant to the foregoing provisions, integrated circuit design enterprises and software enterprises satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

On July 27, 2020, the Notice by the MOF, the National Development and Reform Commission, the MIIT and Other Departments of the Measures for the Administration of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the Software Industry (財政部、國家發展改革委、工業和信息化部等關於支持集成電路產業和軟件產業發展進口稅收政策管理辦法的通知) became effective. On the same day, the Notice by the MOF, the General Administration of Customs and the SAT of Import Tax Policies for Supporting the Development of the Integrated Circuit Industry and the 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) took effect. The above notices relating to importing tax for the integrated circuit industry have made some installment tax payment policies and import tariff exemption policies.

On March 12, 2021, the National People's Congress of the PRC approved the Outline of the 14th Five-year Plan (2021-2025) for National Economic and Social Development and Long-range Objectives for 2035 (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), which clarifies that the PRC should foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

On May 21, 2022, the SAT issued the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises (軟件企業和集成電路企業稅費優惠政策指引). For the purpose of facilitating timely knowledge of applicable tax policies, the foregoing guidelines has clearly demonstrated preference contents, conditions and policy basis for integrated circuit enterprises.

Pursuant to the Notice of the MOF and the SAT on the Weighted Deduction Policy for Value-added Tax on 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), which was promulgated on April 20, 2023, from January 1, 2023 to December 31, 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

REGULATIONS ON INTERNET INFORMATION SECURITY, PRIVACY PROTECTION AND AUTOMOTIVE DATA SECURITY

Internet Information Security

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (中華人民共和國網絡安全法) (the "Cybersecurity Law"), effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines "network" as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. "Network operators", who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including but limited to: (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (2) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) following the principles of legality, legitimacy and necessity, disclosing the rules of collection and use, making clear the purpose, mean and scope of collection and use of information, and obtaining the consent of the person whose information is collected.

The Data Security Law of the PRC (中華人民共和國數據安全法), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that entities and individuals carrying out data activities shall establish a data classification and grading protection system and important data catalogs to enhance the protection of important data. Processors of important data shall specify the person responsible for data security and management agencies to implement data security protection responsibilities. Relevant authorities will establish the measures for the cross-border transfer of important data. If any company violates the Data Security Law of the PRC to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines and/or suspension of relevant business or revocation of the business license. In addition, the Data Security Law of the PRC provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information.

On December 28, 2021, the Cyberspace Administration of China (the "CAC") promulgated the Measures for Cybersecurity Review (網絡安全審查辦法) (the "Cybersecurity Review Measures"), which came into effect on February 15, 2022. According to the Cybersecurity Review Measures, there are two mechanisms to trigger cybersecurity review: (1) review of voluntary declaration by enterprises, applicable to (i) critical information infrastructure operators that intend to purchase network products and services; (ii) a network platform operator that processes the personal information of more than one million people intends to be listed overseas; and (2) initiation of review by regulatory authorities: for any member of the cybersecurity review working mechanism believes that any network product or service or data processing activity affects or is likely to affect national security. In this case, the Office of Cybersecurity Review shall report this circumstance to the Central Cyberspace Affairs Commission for approval, and conduct a review after approval.

On August 30, 2024, the CAC promulgated the Regulation on the Administration of Cyber Data Security (網絡數據安全管理條例) (the "Cyber Data Security Regulation"), which provides more detailed guidelines on the current rules on various aspects of data processing, including the processors' announcement of data processing rules, obtaining consents and separate consents, security of important data and cross-border transfer of data, and further obligations of platform operators.

Furthermore, on July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (數據出境安全評估辦法) which became effective on September 1, 2022. Such data export measures requires that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information abroad, including the following circumstances: (1) important data will be provided overseas by any data processor; (2) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal information of more than 1,000,000 individuals; (3) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (4) other circumstances where the security assessment is required as prescribed by the CAC. The security assessment requirement also applies to any transfer of important data outside of China.

Privacy Protection

Pursuant to the PRC Civil Code (中華人民共和國民法典) promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, the personal information of a natural person shall be protected by the law. An information processor shall not disclose or tamper with any personal information collected or stored thereby; and without the consent of the natural person, no personal information shall be illegally provided to any other person.

Pursuant to the Circular of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on the Punishment of Criminal Activities Infringing on Citizens' Personal Information in accordance with the Law (最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知) promulgated on April 23, 2013, and the Interpretation by the Supreme People's Court and the Supreme People's Procuratorate of Several Issues Concerning the Application of Laws to the Handling of Criminal Cases of Infringing on Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) promulgated on May 8, 2017 and effective on June 1, 2017, the following activities may constitute crimes of infringement of citizens' personal information: (1) providing citizens' personal information to specific persons or publishing citizens' personal information on the Internet, etc., in violation of the relevant regulations; (2) providing others with lawfully collected information about citizens without their consent (unless the information has been processed in such a way as to make it impossible to identify a specific individual and cannot be recovered); (3) collecting citizens' personal information in violation of relevant regulations or provisions in the performance of duties or the provision of services; or (4) collecting citizens' personal information in violation of relevant regulations through purchasing, receiving, or exchanging.

The Law of the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) (the "Personal Information Protection Law"), which was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021, consolidates separate provisions on personal information rights and privacy protection. The Personal Information Protection Law aims to protect the personal information rights and interests, regulate the handling of personal information, safeguard the free flow of personal information in an orderly manner in accordance with the law, and promote the rational use of personal information. Personal information, as defined in the Personal Information Protection Law, refers to all kinds of information related to an identified or identifiable natural person recorded electronically or by other means, excluding the information that has been anonymized. The Personal Information Protection Law stipulates the circumstances in which a processor of personal information may process personal information, including, but not limited to, when the consent of the individual concerned has been obtained and when it is necessary for the conclusion or performance of a contract to which the individual is a party. It has also set out a number of specific rules on the obligations of processors of personal information, such as informing individuals of the purpose and method of processing, and the obligations of third parties who obtain personal information through co-processing or entrustment.

Automotive Data Security

On August 16, 2021, the CAC, the NDRC, the MPS, the MIIT and the MOT jointly promulgated the Certain Provisions on the Management of Automotive Data Security (for Trial Implementation) (汽車數據安全管理若干規定(試行)) (the "Automotive Data Security Provisions"), which came into effect on October 1, 2021, and is intended to regulate the collection, storage, use, processing, transmission, provision and disclosure of personal information and critical data generated by automobile designers, manufacturers and service providers throughout the automobile life cycle. The relevant automotive data processors, including automobile manufacturers, parts and software providers, dealers, repair suppliers and travel service companies, are required to process personal information and critical data in accordance with the applicable laws during the design, manufacture, sale, operation, maintenance and management of automobiles. Processing of personal information by automobile data processors shall be conducted with the consent of the individual or in accordance with other circumstances stipulated by laws and regulations. The state encourages the reasonable and effective utilization of automotive data in accordance with the law, and advocates that automotive data processors adhere to: (1) the principle of in-vehicle processing, and avoid providing automotive data outside the vehicle unless necessary; (2) the principle of non-collection by default, and set the state of non-collection by default each time unless otherwise set by the driver on his/her own initiative; (3) the principle of applying the range of accuracy, and determine the coverage and resolution of cameras, radar, etc., based on the requirements of the provided functional service for data accuracy; and (4) the principle of desensitized processing, and anonymize and de-identify the information whenever possible. According to the Automotive Data Security Provisions, personal information and key data involving automobiles are in principle stored within the country, and if they need to be made available outside the country, the competent national Internet information department will conduct a cross-border data security assessment in conjunction with the relevant departments of the State Council. When processing critical data, automotive data processors shall conduct risk assessments in accordance with the regulations and submit risk assessment reports to the relevant provincial authorities.

The MIIT issued the Notice of the MIIT on Strengthening Network Security and Data Security of Telematics (工業和信息化部關於加強車聯網網絡安全和數據安全工作的通知) on September 15, 2021. Accordingly, all manufacturers of intelligent connected vehicles and operators of Telematics service platforms shall establish a network security and data security management system, strengthen security protection, monitor and prevent network security risks and threats, strengthen the security protection capability of Telematics network facilities and network systems, safeguard Telematics communication security, carry out Telematics security monitoring and early warning, enhance the Telematics security emergency response, and promote the Telematics network security protection grading and filing work. The MIIT promulgated the Guidelines for the Construction of Network Security and Data Security Standard System for Telematics (車聯網網絡安全和數據安全標準體系建設指南) on February 25, 2022, which clearly defines the security standards and requirements covering the terminal and facility network security, network communication security, data security, application service security, and security guarantee and support.

REGULATIONS ON PRODUCT LIABILITY

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 most recently amended on December 29, 2018, it is prohibited to manufacture or sell products that do not comply with the standards and requirements for safeguarding human health and the safety of persons and property. The products must not present any unreasonable risk of endangering the safety of persons and property. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller. Any producer or seller who produces or sells substandard products shall be ordered to stop production or sale, the products illegally produced or sold shall be confiscated, and a fine shall be imposed; if there are any illegal gains, the illegal gains shall be confiscated concurrently; and if the circumstances are serious, the business license shall be revoked.

According to the Civil Code of the PRC, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. If the infringer knows that the product is defective and still produces or sells it, or fails to take effective remedial measures in accordance with the provisions of the Civil Code of the PRC, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

In accordance with 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 and effective on April 6, 2004, November 7, 2016 and December 30, 2022 respectively, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知) issued by the General Administration of Customs of the PRC on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

According 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 amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017, and April 29, 2021, respectively, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law. Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of the PRC on the Administration of the Record of Customs Declaration Units (中華人民共和國海關報關單位備案管理規定) promulgated by the General Administration of Customs of the PRC on November 19, 2021 and becoming effective as of January 1, 2022. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (中華人民共和國貨物進出口管理條例) ("Regulations on the Administration of Import and Export of Goods") promulgated by the State Council on December 10, 2001 and last amended on March 10, 2024, which came into effect on May 1,2024, enterprises engaged in the trade activities of importing goods into the territory of the PRC or exporting goods outside of China must comply with the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota system; and goods whose import or export is free shall not be subject to restriction. The consignee of imported goods or the consignor of exported goods shall submit an automatic import and export license, an import and export license or a quota certificate to the customs for customs clearance.

The Export Control Law of the PRC (中華人民共和國出口管制法) (the "Export Control Law") came into force on December 1, 2020. The Export Control Law is China's first comprehensive and integrated export control law, which sets out provisions for the export control of dual-use goods, military supplies, nuclear energy products, goods related to the protection of national security and interests and other commodities, science and technology, services and goods, as well as fulfilling the responsibilities related to the international prohibition of nuclear proliferation.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

According to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984, and most recently amended on October 17, 2020, the Implementation Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則), promulgated by the State Council on June 15, 2001, and revised on December 28, 2002, January 9, 2010 and December 11, 2023, respectively, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within the respective administrative areas. The Patent Law and Implementation Rules of the Patent Law provide three types of patents, namely "inventions," "utility models" and "designs." Invention patents are valid for twenty years, utility model patents are valid for ten years, and since June 1, 2021, the validation period for design patents whose application date is after June 1, 2021 has been extended to fifteen years in each case from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, utility model or design, a patent will be granted to the person who files the application first. An invention or a utility model must possess novelty, inventiveness and practical applicability to be patentable. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, the Implementation Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例) which were issued on August 3, 2002 and last amended on April 29, 2014, the Trademark Office under the China National Intellectual Property Administration of the PRC, (the "Trademark Office"), shall handle trademark registrations and grant a term of 10 years to registered trademarks, which may be renewed for an additional ten year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where an application for trademark for which application for registration has been made is identical or similar to another trademark which has already been registered or is under preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party' s use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory authority of domain names. The registration of domain names in China is on a "first-apply-first-registration" basis. A domain name applicant will become the domain name holder upon completion of the application procedure.

Copyright and Software Registration

According to the Copyright Law of the PRC (中華人民共和國著作權法) which was promulgated by the SCNPC on September 7, 1990 and implemented on June 1, 1991, and finally revised on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (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 implemented on September 15, 2002, and finally revised on January 30, 2013. Copyright holders enjoy a variety of personal and property rights, including the right of publication, the right of authorship, the right of reproduction, and the right of communication of information on networks.

Pursuant to the Regulation on Computer Software Protection (計算機軟件保護條例) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), promulgated by the SCNPC in September 1993, as amended on November 4, 2017, April 23, 2019 and June 27, 2025, which will come into effect as of October 15, 2025, respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigate, induce or assist others to violate confidentiality obligation or to violate a rights holder's requirements on keeping confidentiality of commercial secrets, so as to disclose, use or allow others to use the commercial secrets of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

REGULATIONS ON ENVIRONMENTAL PROTECTION AND FIRE PREVENTION

Environment Impact Assessment

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the SCNPC on December 26, 1989 and amended on April 24, 2014, the Administrative Regulations on the Environmental Protection of Construction Project (建設項目環境保護管理條例) (the "Construction Environmental Protection Rules"), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall submit or fill in assessment report, assessment form, or registration form on the environmental impact of such projects to relevant environmental protection administrative authority for approval or recording. Construction entities may entrust a technical institution to conduct an environmental impact assessment of its construction projects and prepare the assessment reports and assessment forms on the environmental impact of construction projects. If the construction entities have the technical capability of environmental impact assessment, it may carry out the above activities by itself.

Pursuant to the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法) promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, for any construction projects have an impact on the environment, the construction entity is required to produce either a report, or a form, or a registration form on such environmental impact depending on the seriousness of the impact that may be exerted on the environment.

The Construction Environmental Protection Rule also requires that upon completion of construction for which an environmental impact report or environmental impact statement is formulated, the constructor shall conduct an acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, formulate the acceptance inspection report, and announce the acceptance inspection report pursuant to the law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the state. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (建設項目竣工環境保護驗收暫行辦法) was promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017. The Measures regulates the procedures and standards for environmental protection independent acceptance by construction units upon the completion of construction projects.

Pollutant Discharge

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (固定污染源排污許可分類管理名錄(2019年版)) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

Fire Protection Design Approval and Filing

The Fire Protection Law of the PRC (中華人民共和國消防法) (the "Fire Protection Law") was adopted on April 29, 1998 and latest amended on April 29, 2021. According to the Fire Protection Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire protection affairs. The Fire and Rescue Department of the People's Government are responsible for implementation. The Fire Protection Law provides that the fire protection design or construction of construction projects shall comply with the national technical standards for fire protection. Pursuant to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (建設工程消防設計審查驗收管理暫行規定) issued by the Ministry of Housing and Urban-rural Development on April 1, 2020 and amended on August 21, 2023, special construction projects as defined under such Interim Provisions shall be subject to fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall be submitted to the competent authorities for record-filing of project fire protection design and acceptance.

REGULATION ON PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (中華人民共和國安全生產法) which was promulgated on June 29, 2002 and amended on August 27, 2009, August 31, 2014 and June 10, 2021, a business entity shall establish, improve and implement a production safety responsibility system and production safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in production safety, and improve production safety conditions. Business entities shall provide their employees with production safety education and training to ensure that their employees have necessary production safety knowledge, are familiar with the relevant production safety policies and rules and safe operating procedures, possess the safe operating skills for their respective posts, know the emergency response measures for accidents, and are informed of their rights and obligations in production safety. Employees failing the production safety education and training shall not take their posts.

REGULATIONS ON REAL ESTATES

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and became effective on January 1, 2020, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

Pursuant to the Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (2020 Revision) (城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)) promulgated by the State Council on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user shall pay land premiums to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage, or otherwise commercially exploit the land within the term of use. Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-owned Urban Land, the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contracts. After paying the total amount of the assignment fee, the land user shall go through the registration thereof, obtain the certificate for land use to evidence the acquisition of the land use right.

The Interim Regulations on Real Estate Registration (不動產登記暫行條例), promulgated by the State Council on November 24, 2014, which was amended on March 24, 2019 and March 10, 2024, became effective on May 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則) promulgated by the Ministry of Land and Resources on January 1, 2016, which was amended on July 16, 2019 and May 9, 2024, provide that, among other things, the state implements a uniform real estate registration system and the registration of real estate shall follow the principles of strict administration, stability, continuity and convenience for the masses.

According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the parties to a commodity house lease shall complete the lease registration with the competent construction (real-estate) departments of the municipalities directly under the Central Government, cities and counties where the leased property is located within 30 days after the lease is executed. The competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties shall order the lease record filing to make corrections within a prescribed time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

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

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers." Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

According to the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees (國務院關於建立城鎮職工基本醫療保險制度的決定), which was issued on December 14, 1998 and the Decision of the State Council on Improving the Basic Endowment Insurance System for Enterprise Employees (國務院關於完善企業職工基本養老保險制度的決定), which was issued on December 3, 2005, all urban employers, including enterprises (including but not limited to state-owned enterprises, collective enterprises, foreign-invested enterprises, private enterprises), government agencies, public institutions, social organizations, private non-enterprise units and their employees, must participate in basic medical insurance, and all urban enterprise employees, individual industrial and commercial households and flexible employment personnel must participate in the basic pension insurance for enterprise employees.

The Social Insurance Law of the PRC (中華人民共和國社會保險法) (the "Social Insurance Law"), issued by the SCNPC on October 28, 2010 and last amended on December 29, 2018, the Regulations on Occupational Injury Insurance (工傷保險條例) effective as of January 1, 2004 and as amended on December 20, 2010, the Interim Measures concerning the Maternity Insurance for Enterprise Employees (企業職工生育保險試行辦法) effective as of January 1, 1995, Unemployment Insurance Regulations (失業保險條例) effective as of January 22, 1999, have established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002 and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the "SAFE Circular 59"), which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. Later, SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) in February 2015, which was partially abolished in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "SAFE Circular 21"), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (關於境外上市外匯管理有關問題的通知) issued by SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "SAFE Circular 19") promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in Renminbi (1) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (2) for direct or indirect securities investment; (3) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (4) to purchase real estates not for self-use purposes (save for real estate enterprises).

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020). The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

REGULATIONS ON TAXATION

Enterprise Income Tax ("EIT")

According 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"), promulgated by the SCNPC on March 16, 2007, which became effective on January 1, 2008 and was amended on February 24, 2017, December 29, 2018 and December 6, 2024, and the Implementation Rules of the EIT Law (中華人民共和國企業所得稅法實施條例), promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008, and amended on April 23, 2019, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the state. High and new technology enterprises ("HNTEs") which are supported by the state may enjoy a reduced EIT rate of 15%.

According to the Notice of the MOF and the SAT on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (財政部、國家稅務總局關於實施小微企業普惠性稅收減免政策的通知), during the period from January 1, 2019 to December 31, 2021, the annual taxable income of small low-profit enterprises that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25% with the applicable enterprise income tax rate of 20%. According to the Announcement on Implementation of Income Tax Incentives for Micro and Small Enterprises and Individually-owned Businesses (關於實施小微企業和個體工商戶所得稅優惠政策的公告) and the Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告), during the period from January 1, 2021 to December 31, 2022, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 12.5%, with the applicable enterprise income tax rate of 20%. According to the Notice of the MOF and the SAT on the Income Tax Incentives to Small and Micro Enterprises and Privately-owned Businesses (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) and the Notice of the MOF and the SAT on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、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 shall be in force from January 1, 2023 to December 31, 2027, for the annual taxable income of a small and low-profit enterprise, the portion not exceeding RMB1 million shall be treated as 25% for the purpose of taxable income calculation and subject to the enterprise income tax rate of 20%.

Value-Added Tax ("VAT")

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例), promulgated by the State Council on December 13, 1993 and newly amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值稅暫行條例實施細則), promulgated by the MOF and the SAT on December 25, 1993 and latest amended on October 28, 2011 and came into effect on November 1, 2011 (collectively, the "VAT Law"), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value-added tax. On November 19, 2017, the State Council promulgated the Decisions on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax (關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定) (the "Order 691"). According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The VAT rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The Notice of the MOF and the SAT on Adjusting Value-added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知), was promulgated on April 4, 2018 and came into effect on May 1, 2018. The VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly promulgated the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告) (the "Notice 39"), which came into effect on April 1, 2019. Pursuant to Notice 39, the tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

REGULATIONS ON THE H SHARE FULL CIRCULATION

"Full Circulation" means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted shares held by domestic shareholders prior to overseas listing, unlisted shares additionally issued after overseas listing and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) (the "Guidelines for the Full Circulation"), which was revised on August 10, 2023.

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file with the CSRC. And domestic companies limited by shares that have not been listed may file with the CSRC for the "Full Circulation" at the time of their initial public offering and listing overseas.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited ("CSDC") and the Shenzhen Stock Exchange (the "SZSE") jointly announced the Measures for Implementation of H-share Full Circulation Business (H股"全流通"業務實施細則) (the "Measures for Implementation"). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

According to the Measures for Implementation, shareholders who apply for H Share Full Circulation (the "Participating Shareholders") shall complete the cross-border transfer registration for conversion of relevant domestic unlisted shares into H Shares before dealing in the shares, i.e., CSDC as the nominal shareholder, deposits the relevant securities held by Participating Shareholders at China Securities Depository and Clearing (Hong Kong) Limited (the "CSDC (Hong Kong)"), and CSDC (Hong Kong) will then deposit the securities at [**REDACTED**] in its own name, and exercise the rights to the securities issuer through [**REDACTED**], while [**REDACTED**] as the ultimate nominal shareholder is listed on the register of shareholders of H-share [**REDACTED**] companies.

Regulations Relating to Overseas Securities Offering and Listing

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) and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system.

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

Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering.

Moreover, upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within three working days after the occurrence and public disclosure of the event: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; and (4) voluntary or mandatory delisting. Where an issuer's main business undergoes material changes after overseas offering and listing, and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within three working days after occurrence of the changes.

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

OVERVIEW

We are a global leader and pioneer in wireless sensor SoCs, dedicated to providing innovative sensor chips. We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024, according to the F&S report.

Our Company was founded in the PRC in March 2015 by Dr. Li and Mr. Li, our founders, executive Directors and members of our Single Largest Group of Shareholders, under the name of Ningbo SENASIC Electronics Technology Co., Ltd. (寧波琻捷電子科技有限公司). Dr. Li, our executive Director, chairman of the Board and general manager, together with Mr. Li, our executive Director, have led the overall operations and management of our Group since our establishment. See "Directors and Senior Management—Directors—Executive Directors" for the biographical details of Dr. Li and Mr. Li. Since our establishment, we have attracted many reputable sophisticated investors to invest in our Company such as Mixed Reform Fund SII, Jingwei SII, CVC SII and certain industrial investors including Chendao SII, Huaxin Chuangyuan SII, Shangqi Capital SIIs and Geely SII. See "—Pre-[**REDACTED**] Investments" for details. In August 2019, we renamed as Nanjing Yingruichuang Electronics Co., Ltd. (南京英鋭創電子科技有限公司). In November 2024, our Company was converted into a joint stock company with limited liability and renamed as SENASIC Electronics Technology Co., Ltd. (琻捷電子科技(江蘇)股份有限公司).

During the Track Record Period and up to the Latest Practicable Date, Dr. Li and Mr. Li have acted in concert with each other and jointly controlled our Company. As of the Latest Practicable Date, Dr. Li and Mr. Li have jointly controlled approximately 32.25% of our total issued share capital comprising the following: (i) approximately 10.48% and 4.17% of our total issued share capital directly held by Dr. Li and Mr. Li, respectively; (ii) approximately 9.10% and 7.63% of our total issued share capital held by Shanghai Chuangyingrui and Shanghai Ruixinchuang, both being our ESOP Platforms and controlled by Dr. Li; and (iii) approximately 0.87% of our total issued share capital held by Gongqingcheng SENASIC, being managed by Shanghai Yaojun Management Consulting Co., Ltd. (上海曜駿管理諮詢有限公司) ("Shanghai Yaojun"), a holding company wholly-owned by Dr. Li. Immediately following completion of the [**REDACTED**], assuming no exercise of the [**REDACTED**], Dr. Li, Mr. Li, Shanghai Chuangyingrui, Shanghai Ruixinchuang, Gongqingcheng SENASIC and Shanghai Yaojun will jointly control approximately [**REDACTED**]% of the total enlarged issued share capital of our Company. See "Relationship with Our Single Largest Group of Shareholders" for more information.

BUSINESS MILESTONES

The following table illustrates our major business milestones:

Year	Milestone
2015	We were established as a limited company under the name of Ningbo SENASIC Electronics Technology Co., Ltd. (寧波琻捷電子科技有限公司).
2018	We commenced massive production of the first domestically designed TPMS SoCs for automotive OEM.
2021	We commenced massive production of the USI SoCs.
	We commenced massive production of the world's first BPS.
	We expanded our business into new energy industry.
2022	We achieved massive production of five million units of TPMS SoCs and one million units of USI SoCs installed in automotive OEM vehicles.
	We launched shipments of BPS SoCs for automotive OEM.
2023	We completed our financing led by Mixed Reform Fund SII and reputable industrial investors with a total proceeds of over RMB500 million.
2024	Our annual shipments of automotive-grade chips reached over 70 million units.
	We commenced massive production of BLE TPMS for automotive OEM and ultrasonic sensing chips.
2025	We launched our wireless BMS SoCs.
	We commenced massive production of ultrasonic sensing chips.
	We entered into business cooperation with a globally leading automotive technology supplier.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY DURING THE TRACK RECORD PERIOD

Incorporation of Our Company

On March 18, 2015, our Company was established as a limited liability company under the laws of the PRC by Dr. Li and Mr. Li with a registered capital of RMB1.0 million. Upon incorporation, our Company was owned by Dr. Li and Mr. Li as to 75.00% and 25.00%, respectively.

Pre-[REDACTED] Investments

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of Pre-[**REDACTED**] investments since the incorporation of our Company. See "—Pre-[**REDACTED**] Investments" for details.

Establishment of ESOP Platforms

In recognition of the contributions of our key employees and to incentivize them to further promote our development, we adopted the Employee Incentive Scheme in December 2015 and established Shanghai Chuangyingrui and Shanghai Ruixinchuang as our ESOP Platforms.

Shanghai Chuangyingrui was established as a limited partnership under the laws of the PRC on December 16, 2021 and controlled by Dr. Li. As of the Latest Practicable Date, Shanghai Chuangyingrui directly held approximately 9.10% equity interest in our Company. Shanghai Ruixinchuang was established as a limited partnership under the laws of the PRC on May 3, 2017 and controlled by Dr. Li. As of the Latest Practicable Date, Shanghai Ruixinchuang directly held approximately 7.63% equity interest in our Company.

For further details of our Employee Incentive Scheme and the Grantees thereunder, see the section headed "1. Further Information about Our Company—F. Employee Incentive Scheme" in Appendix IV to this document.

Acquisition of Gainsil

In March 2022 and October 2022, we acquired 100% equity interests of Gainsil. See "—Major Acquisitions and Disposals" for details.

Conversion into A Joint Stock Company

On October 23, 2024, our then Shareholders, being our promoters, passed resolutions approving, among others, the conversion of our Company into a joint stock company with limited liability under the laws of the PRC. In accordance with an audit report of our Company issued by an independent accountant, as of July 31, 2024, the audited net asset value of our Company was RMB554,832,000, among which, RMB15,811,430 was converted into 15,811,430 Shares with a nominal value of RMB1.00 each and the remaining RMB530,724,278.20 was converted into capital reserve. Our Shares upon conversion were subscribed for by our then Shareholders in proportion to their respective equity interest in our Company immediately before the conversion. The joint stock conversion was completed on November 7, 2024.

Share Subdivision

In August 2025, the sub-division of the Shares with nominal value of RMB1.00 each on the basis of one to twenty (20) with nominal value of RMB0.05 each is completed. After such share sub-division, the number of total issued Shares of the Company has been changed to 325,634,820 Shares. See "—Capitalization of Our Company" for details of our shareholding structure after the share subdivision.

CAPITALIZATION OF OUR COMPANY

The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
Single Largest Group of Shareholders and Connected Person[(1)]				
Dr. Li	34,130,460	10.48	[**REDACTED**]	[**REDACTED**]
Shanghai Chuangyingrui	29,631,720	9.10	[**REDACTED**]	[**REDACTED**]
Shanghai Ruixinchuang	24,838,700	7.63	[**REDACTED**]	[**REDACTED**]
Gongqingcheng SENASIC	2,830,980	0.87	[**REDACTED**]	[**REDACTED**]
Mr. Li	13,586,460	4.17	[**REDACTED**]	[**REDACTED**]
Gongqingcheng Yingruichuang Investment Partnership (Limited Partnership) (共青城英銳創投資合夥企業(有限合夥)) ("Gongqingcheng Yingruichuang")[(3)]	6,388,320	1.96	[**REDACTED**]	[**REDACTED**]
Pathfinder SII[(2)]				
China State-Owned Enterprise Mixed-Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司) ("Mixed Reform Fund SII")	19,701,600	6.05	[**REDACTED**]	[**REDACTED**]
Hangzhou Chuangqian Investment Partnership (Limited Partnership) (杭州創乾投資合夥企業(有限合夥)) ("Jingwei SII")	19,547,160	6.00	[**REDACTED**]	[**REDACTED**]
Other Sophisticated Independent Investors				
Chendao SIIs:				
– Changjiang Chendao (Hubei) New Energy Industry Investment Partnership (Limited Partnership) (長江晨道(湖北)新能源產業投資合夥企業(有限合夥)) ("Changjiang Chendao")	8,294,100	2.55	[**REDACTED**]	[**REDACTED**]

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
– Yibin Lvneng Equity Investment Partnership (Limited Partnership) (宜賓綠能股權投資合夥企業(有限合夥)) ("Yibin Lvneng")	5,182,380	1.59	[REDACTED]	[REDACTED]
– 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")	2,421,600	0.74	[REDACTED]	[REDACTED]
China Venture Capital Xinzhi Equity Investment Fund (Guangzhou) Partnership (Limited Partnership) (國風投新智股權投資基金(廣州)合夥企業(有限合夥)) ("CVC SII")	14,109,340	4.33	[REDACTED]	[REDACTED]
Qingdao Huaxinchuangyuan Venture Capital Center (Limited Partnership) (青島華芯創原創業投資中心(有限合夥)) ("Huaxin Chuangyuan SII")	12,039,300	3.70	[REDACTED]	[REDACTED]
C&D Investment SIIs				
– Xiamen Jianfa Emerging Industry Equity Investment No. 16 Partnership Enterprise (Limited Partnership) (廈門建發新興產業股權投資拾陸號合夥企業(有限合夥)) ("Jianfa Emerging Industry")	5,934,880	1.82	[REDACTED]	[REDACTED]
– Xiamen Jianfa Changrong No. 2 Equity Investment Partnership (Limited Partnership) (廈門建發長榕貳號股權投資合夥企業(有限合夥)) ("Jianfa Changrong", together with Jianfa Emerging Industry, "Jianfa Investment")	1,978,300	0.61	[REDACTED]	[REDACTED]

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
Shangqi Capital SIIs:				
– Qingdao Shangqiqi Huizhu Zhanxin Industry Investment Fund Partnership (Limited Partnership) (青島尚頎匯鑄戰新產業投資基金合夥企業(有限合夥)) ("Shangqi Huizhu")	3,091,540	0.95	[**REDACTED**]	[**REDACTED**]
– Foshan Shangqi Delian Automotive Equity Investment Partnership (Limited Partnership) (佛山尚頎德聯汽車股權投資合夥企業(有限合夥)) ("Shangqi Delian"))	2,478,480	0.76	[**REDACTED**]	[**REDACTED**]
– Ningbo Meishan Bonded Port Zone Jiechuang Equity Investment Partnership (Limited Partnership) (寧波梅山保税港區捷創股權投資合夥企業(有限合夥)) ("Ningbo Jiechuang")	1,239,240	0.38	[**REDACTED**]	[**REDACTED**]
Geely Gongchuang No. 5 Investment (Tianjin) Partnership (Limited Partnership) (吉利共創伍號投資(天津)合夥企業(有限合夥)) ("Geely SII")	6,767,040	2.08	[**REDACTED**]	[**REDACTED**]
Other Pre-[**REDACTED**] *Investors and Shareholders*[(2)]				
Hai Feng Investment Holding Limited ("Hai Feng Investment")	20,963,160	6.44	[**REDACTED**]	[**REDACTED**]
Shenzhen Nanshan Hongtai Equity Investment Fund Partnership (Limited Partnership) (深圳南山鴻泰股權投資基金合夥企業(有限合夥)) ("Nanshan Hongtai")	12,747,660	3.91	[**REDACTED**]	[**REDACTED**]
Jiayuan Capital:				

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
– Suzhou Jiyuan Haoyue Venture Capital Partnership (Limited Partnership) (蘇州紀源皓月創業投資合夥企業(有限合夥)) ("Jiyuan Haoyue")	5,656,320	1.74	[REDACTED]	[REDACTED]
– Suzhou Jiyuan Haoyuan Venture Capital Partnership (Limited Partnership) (蘇州紀源皓元創業投資合夥企業(有限合夥)) ("Jiyuan Haoyuan")	4,194,480	1.29	[REDACTED]	[REDACTED]
Guangfa Xinde:				
– Zhuhai Gejin Guangfa Xinde Phase III Technology Venture Capital Fund (Limited Partnership) (珠海格金廣發信德三期科技創業投資基金(有限合夥)) ("Zhuhai Xinde")	4,478,300	1.38	[REDACTED]	[REDACTED]
– Dongguan Guangfa Xinde Phase I Technology Venture Investment Partnership (Limited Partnership) (東莞廣發信德一期科技創業投資合夥企業(有限合夥)) ("Dongguan Xinde")	2,786,500	0.86	[REDACTED]	[REDACTED]
Ningbo Meishan Bonded Port Area Cenyu Venture Capital Partnership (Limited Partnership) (寧波梅山保税港區岑佑創業投資合夥企業(有限合夥)) ("Ningbo Cenyou")	6,143,760	1.89	[REDACTED]	[REDACTED]
Gongqingcheng Changshun Zhiying Venture Capital Partnership (Limited Partnership) (共青城長舜智贏創業投資合夥企業(有限合夥)) ("Changshun Zhiying")	5,260,260	1.62	[REDACTED]	[REDACTED]

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
Shanghai Pudong Haiwang Integrated Circuit Industry Private Equity Fund Partnership Enterprise (Limited Partnership) (上海浦東海望集成電路產業私募基金合夥企業(有限合夥)) ("Haiwang Fund")	4,925,400	1.51	[REDACTED]	[REDACTED]
Shanghai Baolong Automotive Corporation (上海保隆汽車科技股份有限公司) ("Baolong Automotive")	4,824,900	1.48	[REDACTED]	[REDACTED]
GAC Investment:				
– Guangdong Guangqi Yuexiu Zhiyuan Industrial Investment Fund Partnership (Limited Partnership) (廣東廣祺越秀智源產業投資基金合夥企業(有限合夥)) ("Guangqi Yuexiu")	2,312,820	0.71	[REDACTED]	[REDACTED]
– Guangdong Guangqi Zhiyuan No. 6 Equity Investment Partnership (Limited Partnership) (廣東廣祺智源陸號股權投資合夥企業(有限合夥)) ("Guangqi Zhiyuan")	2,312,820	0.71	[REDACTED]	[REDACTED]
Mr. Zhou Yongsen (周永森)	4,625,580	1.42	[REDACTED]	[REDACTED]
Mr. Ying Ting (應挺)	4,485,180	1.38	[REDACTED]	[REDACTED]
Nanjing Jinti Venture Investment Partnership (Limited Partnership) (南京金體創業投資合夥企業(有限合夥)) ("Nanjing Jinti")	4,304,520	1.32	[REDACTED]	[REDACTED]
Ma'anshan Huachun Baoxin Zhixin Equity Investment Partnership (Limited Partnership) (馬鞍山華淳保信智新股權投資合夥企業(有限合夥)) ("Huachun Baoxin")	3,135,420	0.96	[REDACTED]	[REDACTED]
Zhuhai Huajin:				

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
– Zhuhai Huajin Lingyi Emerging Technology Industry Investment Fund (Limited Partnership) (珠海華金領翊新興科技產業投資基金(有限合夥)) ("Huajin Lingyi")	3,092,880	0.95	[REDACTED]	[REDACTED]
– Zhuhai Huajin Shangying No. 7 Equity Investment Fund Partnership (Limited Partnership) (珠海華金尚盈七號股權投資基金合夥企業(有限合夥)) ("Huajin Shangying")	42,540	0.01	[REDACTED]	[REDACTED]
Beijing Guoqi Intelligent Connected Vehicle Industry Investment Center (Limited Partnership) (北京國汽智能網聯汽車產業投資中心(有限合夥)) ("CICVC")	2,955,240	0.91	[REDACTED]	[REDACTED]
Fibonacci Venture Capital:				
– Shenzhen Huiyue Growth Investment Fund Enterprise (L.P.) (深圳市慧悅成長投資基金企業(有限合夥)) ("Shenzhen Huiyue") .	2,220,360	0.68	[REDACTED]	[REDACTED]
– Shenzhen Tianhui Growth Investment Fund Enterprise (L.P.) (深圳市天慧成長投資基金企業(有限合夥)) ("Shenzhen Tianhui") .	634,380	0.19	[REDACTED]	[REDACTED]
Shihezi Mingzhao Equity Investment Management Co., Ltd. (石河子市明照股權投資管理有限公司) ("SANY")	2,813,580	0.86	[REDACTED]	[REDACTED]
Qufu Tianbo Investment Co., Ltd. (曲阜天博投資有限公司) ("Qufu Tianbo")	2,577,780	0.79	[REDACTED]	[REDACTED]

Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Ownership percentage upon the [REDACTED] (assuming the [REDACTED] is not exercised)
		(%)		(%)
Hainan Shuangyi Hengrun Investment Partnership (Limited Partnership) (海南雙一衡潤投資合夥企業(有限合夥)) ("Shuangyi Hengrun")	2,421,600	0.74	[**REDACTED**]	[**REDACTED**]
Ningbo Meishan Bonded Port Area Thriving Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區超興創業投資合夥企業(有限合夥) ("Thriving Capital")	829,380	0.25	[**REDACTED**]	[**REDACTED**]
Shanghai Changshun Jianye Consulting Management Co., Ltd. (上海長舜建業諮詢管理有限公司) ("Changshun Jianye")	486,840	0.15	[**REDACTED**]	[**REDACTED**]
Ms. Xu Jianming (徐建明)	122,880	0.04	[**REDACTED**]	[**REDACTED**]
Suzhou Junwang Chuangxin No. 2 Investment Partnership (Limited Partnership) (蘇州鋆望創芯貳號投資合夥企業(有限合夥)) ("Junwang Chuangxin")	88,680	0.03	[**REDACTED**]	[**REDACTED**]
Other [**REDACTED**]	–	–	[**REDACTED**]	[**REDACTED**]
Total	**325,634,820**	**100.0**	[**REDACTED**]	**100.00**

(1) See "Relationship with Our Single Largest Group of Shareholders" for details.

(2) See "—Pre-[**REDACTED**] Investments" for details.

(3) Gongqingcheng Yingruichuang is a limited partnership and established under the laws of the PRC and controlled and managed by its general partner, Shanghai Yaoxu Management Consulting Co., Ltd. (上海曜煦管理諮詢有限公司), a wholly-owned subsidiary of Ms. Xu Hongru, our executive Director. Save for Mr. Zhang Zhicai (張智才), a director of Gainsil, holds approximately 31.29% partnership interests in Gongqingcheng Yingruichuang, none of the remaining five limited partners holds more than 30% partnership interests therein.

CONCERT PARTY ARRANGEMENT

To formalize their cooperation as Shareholders in achieving the shared goals and objective of our Group, Dr. Li and Mr. Li entered into the concert party agreement, pursuant to which, Dr. Li and Mr. Li confirmed and agreed that, during the period in which any party directly or indirectly holds or controls any Shares of our Company and until termination by their mutual consent, they will act in concert when exercising their shareholder rights as Shareholders of our Company. As of the Latest Practicable Date, Dr. Li and Mr. Li jointly controlled and was interested in approximately 32.25 % of total issued share capital of our Company, and will hold approximately [**REDACTED**]% of our enlarged total issued share capital immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). Therefore, upon [**REDACTED**], they will constitute our Single Largest Group of Shareholders. See "Relationship with Our Single Largest Group of Shareholders" for further details.

OUR PRINCIPAL SUBSIDIARIES

The following entities were our subsidiaries which made a material contribution to our results of operation during the Track Record Period.

Name	Place of incorporation	Date of incorporation	Shareholding	Principal business activities
Shanghai SENASIC	PRC	January 9, 2019	100%	Design, research, development and sales of chips products
Gainsil	PRC	September 30, 2016	100%	Design, research, development and sales of chips products

MAJOR ACQUISITIONS AND DISPOSALS

Acquisition of 100% Equity Interest in Gainsil

On March 1, 2022, our Company entered into an equity transfer agreement with Kelong Fine Chemical, Inc. (遼寧科隆精細化工股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 300405) ("Kelon Fine Chemical"), pursuant to which our Company agreed to acquire 51.00% equity interest in Gainsil at a consideration of RMB59.70 million. On the same day, our Company entered into separate agreements with Mr. Zhang Zhicai (張智才) and Mr. Jiang Yujun (蔣宇俊) to acquire 17.54% and 8.36% equity interest in Gainsil at considerations of approximately RMB29.24 million and RMB13.94 million, respectively. The considerations for the acquisition were determined after arm's length negotiations with reference to, among other things, the business performance and prospects. The above equity transfers were completed on May 26, 2022. Immediately upon completion of the acquisition, our Company held 76.90% equity interest in Gainsil and its financial results were consolidated into our accounts.

In October 2022, our Company further acquired 11.10%, 5.00%, 5.00%, and 2.00% equity interest in Gainsil from Shanghai Yurong Electronic Technology Service Department (上海語融電子技術服務部) ("Shanghai Yurong"), Shenzhen Huaqiou Electronics Co., Ltd. (深圳華秋電子有限公司) ("Shenzhen Huaqiou"), Shenzhen Jialichuang Investment Co., Ltd. (深圳市嘉立創投資有限公司) ("Shenzhen Jialichuang"), and Shanghai Chansheng Semiconductor Technology Co., Ltd. (上海禪生半導體科技有限公司) ("Shenzhen Chansheng"), respectively, at considerations of RMB11.10 million, RMB5.00 million, RMB5.00 million, and RMB2.00 million, respectively. The considerations for the acquisition were determined after arm's length negotiations with reference to, among other things, the business performance and prospects of Gainsil, as well as the synergy brought to our development after such acquisitions. The above equity transfer was completed on October 14, 2022. Immediately upon completion and as at the Latest Practicable Date, our Company held 100% equity interest in Gainsil.

To the best knowledge of our Directors, all of the above transferors and their respective ultimate beneficial owners were Independent Third Parties at the time of the acquisition.

Gainsil is engaged in design, research and development and sales management of analog and mixed signal integrated circuits in the PRC. Our Directors are of the view that the acquisitions have enhanced our technological capabilities and product offerings in the semiconductor sector, and consider that the terms of the acquisitions were fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The acquisition of 100% equity interest in Gainsil does not constitute an acquisition of material subsidiary or business by us during the Track Record Period under Rule 4.05A of the Listing Rules.

As advised by our PRC Legal Advisor, the equity transfers and increases in the registered capital in respect of our Company as described above have been completed and settled, and all material regulatory approvals, registrations or filings have been granted in accordance with PRC laws and regulations.

PRE-[REDACTED] INVESTMENTS

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of Pre-[**REDACTED**] investments since the incorporation of our Company. The following sets forth details of our Pre-[**REDACTED**] investments:

Principal Terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the pre-[**REDACTED**] investments:

Name of Pre-[REDACTED] Investor(s)	Date of agreement	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[(2)(3)]	Discount to the [REDACTED][(4)]
			(RMB)	(RMB)	(RMB)	(%)
Angel Investments (Pre-money valuation: RMB19 million; Post-money valuation: RMB27 million[(1)])						
Ningbo Jiakaisheng Investment Partnership (Limited Partnership) (寧波嘉凱盛投資合夥企業(有限合夥)) ("Jiakaisheng")	August 31, 2015	November 25, 2016	8,000,000	8,000,000	[REDACTED]	[REDACTED]
	May 18, 2017	December 26, 2017	240,000	7,800,000	[REDACTED]	[REDACTED]
Series A Investments (Pre-money valuation: RMB85 million; Post-money valuation: RMB105 million[(1)])						
Huaxin Chuangyuan SII	June 20, 2017	July 24, 2017	207,088	12,230,000	[REDACTED]	[REDACTED]
SANY	June 20, 2017	July 9, 2017	131,568	7,700,000	[REDACTED]	[REDACTED]
Series B Investments (Pre-money valuation: RMB230 million; Post-money valuation: RMB280 million[(1)])						
Equity subscription in August 2018						
Huaxin Chuangyuan SII	August 5, 2018	September 20, 2018	45,843	5,928,022	[REDACTED]	[REDACTED]
Nanshan Hongtai	August 5, 2018	August 24, 2018	231,999	30,000,000	[REDACTED]	[REDACTED]
Shenzhen Huiyue	August 5, 2018	August 15, 2018	90,221	11,666,667	[REDACTED]	[REDACTED]
Shenzhen Tianhui	August 5, 2018	August 14, 2018	25,778	3,333,333	[REDACTED]	[REDACTED]
Equity transfer in March 2019[(6)]						
Qufu Tianbo	January 25, 2019	January 29, 2019	42,963	5,000,000	[REDACTED]	[REDACTED]
Series B+ Investments (Pre-money valuation: RMB450 million; Post-money valuation: RMB520 million[(1)])						
Equity subscription in April 2019						
Jingwei SII	April 6, 2019	April 26, 2019	355,745	70,000,000	[REDACTED]	[REDACTED]

Name of Pre-[REDACTED] Investor(s)	Date of agreement	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid(2)(3)	Discount to the [REDACTED](4)
			(RMB)	(RMB)	(RMB)	(%)
Series C Investments (Pre-money valuation: RMB620 million; Post-money valuation: RMB783 million(1))						
Equity subscription in October 2020						
Hai Feng Investment	October 15, 2020	November 26, 2020	322,547	70,000,000	[REDACTED]	[REDACTED]
Changjiang Chendao	October 15, 2020	October 22, 2020	138,235	30,000,000	[REDACTED]	[REDACTED]
Nanjing Jinti	October 15, 2020	December 30, 2020	138,235	30,000,000	[REDACTED]	[REDACTED]
Thriving Capital	October 15, 2020	October 22, 2020	13,823	3,000,000	[REDACTED]	[REDACTED]
Equity transfer in October 2020(5)						
Ningbo Cenyou	October 29, 2020	November 3, 2020	102,396	20,000,000	[REDACTED]	[REDACTED]
Equity subscription in December 2020						
Baolong Automotive	December 1, 2020	January 15, 2021	138,235	30,000,000	[REDACTED]	[REDACTED]
Series C+ Investments (Pre-money valuation: RMB2,000 million; Post-money valuation: RMB2,121 million(1))						
Equity transfer in 2021						
Shanghai Guoce Green Technology Manufacturing Private Venture Capital 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))(7) ("Guoce Investment") . . .	December 30, 2021	January 28, 2022	78,351	30,000,141	[REDACTED]	[REDACTED]
Jiaxing Xingxin Equity Investment Partnership (Limited Partnership) (嘉興星芯股權投資合夥企業(有限合夥), formerly known as Huzhou Xingxin Equity Investment Partnership (Limited Partnership) (湖州星芯創業投資合夥企業(有限合夥)))(8) ("Jiaxing Xingxin")	December 30, 2021	February 21, 2022	22,549	9,999,770	[REDACTED]	[REDACTED]
Ningbo Jiechuang(9)	December 30, 2021	February 28, 2022	4,510	2,000,043	[REDACTED]	[REDACTED]
Shangqiqi Huizhu(9)	December 30, 2021	January 28, 2022	13,530	6,000,128	[REDACTED]	[REDACTED]
Shangqi Delian(9)	December 30, 2021	January 28, 2022	9,020	4,000,085	[REDACTED]	[REDACTED]

Name of Pre-[REDACTED] Investor(s)	Date of agreement	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid(2)(3)	Discount to the [REDACTED](4)
			(RMB)	(RMB)	(RMB)	(%)
Equity subscription in March 2022						
Guoce Investment	March 1, 2022	January 28, 2022	20,180	10,000,000	[REDACTED]	[REDACTED]
Ningbo Jiechuang	March 1, 2022	February 28, 2022	16,144	8,000,000	[REDACTED]	[REDACTED]
Shangqi Huizhu	March 1, 2022	January 28, 2022	48,432	24,000,000	[REDACTED]	[REDACTED]
Shangqi Delian	March 1, 2022	January 28, 2022	32,288	16,000,000	[REDACTED]	[REDACTED]
Shuangyi Hengrun	March 1, 2022	February 11, 2022	40,360	20,000,000	[REDACTED]	[REDACTED]
Wuxi Hancheng Jinghe Venture Capital Partnership (Limited Partnership) (無錫瀚誠景禾創業投資合夥企業(有限合夥)) ("Wuxi Hancheng")	March 1, 2022	June 30, 2022	20,180	10,000,000	[REDACTED]	[REDACTED]
Yibin Chendao	March 1, 2022	January 29, 2022	40,360	20,000,000	[REDACTED]	[REDACTED]
Hai Feng Investment	March 1, 2022	January 29, 2022	26,839	13,300,000	[REDACTED]	[REDACTED]
Series D Investments (Pre-money valuation: RMB2,700 million; Post-money valuation: RMB3,183 million(1))						
Equity transfer in June 2023						
Guangqi Yuexiu(11)	June 9, 2023	July 6, 2023	38,547	20,000,000	[REDACTED]	[REDACTED]
Yibin Lvneng(12)	April 27, 2023	October 18, 2022	28,910	15,000,000	[REDACTED]	[REDACTED]
Changshun Zhiying(12)	April 27, 2023	November 4, 2022	21,999	11,414,044	[REDACTED]	[REDACTED]
Geely SII(13)	June 9, 2023	August 7, 2023	96,366	49,999,730	[REDACTED]	[REDACTED]
Equity subscription in June 2023						
Mixed Reform Fund SII	June 9, 2023	June 27, 2023	328,360	200,000,000	[REDACTED]	[REDACTED]
Yibin Lvneng	June 9, 2023	October 28, 2022	57,463	35,000,000	[REDACTED]	[REDACTED]
Changshun Zhiying	June 9, 2023	October 27, 2022	65,672	40,000,000	[REDACTED]	[REDACTED]
Geely SII	June 9, 2023	August 3, 2023	16,418	10,000,000	[REDACTED]	[REDACTED]
Jiyuan Haoyue	June 9, 2023	July 1, 2023	94,272	57,420,000	[REDACTED]	[REDACTED]
Jiyuan Haoyuan	June 9, 2023	July 1, 2023	69,908	42,580,000	[REDACTED]	[REDACTED]
CICVC	June 9, 2023	June 28, 2023	49,254	30,000,000	[REDACTED]	[REDACTED]

Name of Pre-[REDACTED] Investor(s)	Date of agreement	Date of settlement	Registered capital of our Company subscribed for/acquired	Consideration	Cost per Share paid[(2)(3)]	Discount to the [REDACTED][(4)]
			(RMB)	(RMB)	(RMB)	(%)
Equity transfer in August 2023						
Guangqi Zhiyuan[(14)]	August 2, 2023	August 17, 2023	38,547	20,000,000	[REDACTED]	[REDACTED]
SANY[(15)]	August 2, 2023	September 8, 2023	46,893	2,571,575	[REDACTED]	[REDACTED]
Changshun Jianye[(15)]	August 2, 2023	September 28, 2023	8,114	444,952	[REDACTED]	[REDACTED]
Equity subscription in August 2023						
Haiwang Fund	August 2, 2023	August 7, 2023	82,090	50,000,000	[REDACTED]	[REDACTED]
Junwang Chuangxin	August 2, 2023	August 8, 2023	1,478	900,000	[REDACTED]	[REDACTED]
Equity transfer in November 2023 [(16)]						
Zhuhai Xinde	November 17, 2023	January 3, 2024	223,915	45,461,296	[REDACTED]	[REDACTED]
Dongguan Xinde	November 17, 2023	January 3, 2024	139,325	28,287,029	[REDACTED]	[REDACTED]
Series D+ Investments (Pre-money valuation: RMB3,500 million; Post-money valuation: RMB3,635 million[(1)])						
Equity transfer in July 2024[(17)]						
Huajin Lingyi	July 4, 2024	July 24, 2024	154,644	29,593,000	[REDACTED]	[REDACTED]
Huajin Shangying	July 4, 2024	July 23, 2024	2,127	407,000	[REDACTED]	[REDACTED]
Huachun Baoxin	July 4, 2024	July 30, 2024	156,771	30,000,000	[REDACTED]	[REDACTED]
Jianfa Emerging Industry	July 4, 2024	July 19, 2024	195,963	37,500,000	[REDACTED]	[REDACTED]
Jianfa Changrong	July 4, 2024	July 19, 2024	65,321	12,500,000	[REDACTED]	[REDACTED]
Equity subscription in July 2024						
Jianfa Investment	July 4, 2024	July 19, 2024	100,781	22,500,000	[REDACTED]	[REDACTED]
Jianfa Changrong	July 4, 2024	July 19, 2024	33,594	7,500,000	[REDACTED]	[REDACTED]
Equity subscription and transfer in November 2024[(17)]						
CVC SII	November 11, 2024	November 19, 2024	705,467	150,000,000	[REDACTED]	[REDACTED]

(1) The post-money valuation is calculated by dividing the total consideration of equity subscriptions under the relevant round of the Pre-[**REDACTED**] investment by the percentage of the new subscribed equity interest in the total registered capital of our Company at the relevant time. The pre-money valuation is calculated by excluding the total consideration of equity subscriptions from the post-money valuation under the relevant round of the Pre-[**REDACTED**] investment. The valuation of our Company has been increasing along with our rapid business development.

(2) The cost per Share is arrived at by dividing the total consideration by the total number of issued Shares of our Company upon the [**REDACTED**], assuming no exercise of the [**REDACTED**].

(3) Under certain transfers of equity interest between our investors, the relevant investors considered various factors, such as timing of the transaction, past or present relationships between the parties and their respective bargaining power in the negotiations when determining the consideration, in addition to the then valuation of our Company, and thus agreed on a discount to the then valuation.

(4) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share, being the [**REDACTED**] of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share, and that the [**REDACTED**] is not exercised.

(5) The equity interest was transferred from Dr. Li, Mr. Li and Jiakaisheng.

(6) The equity interest was transferred from Huaxin Chuangyuan SII, SANY and Ruixinchuang Partnership.

(7) The equity interest was transferred from Huaxin Chuangyuan SII.

(8) The equity interest was transferred from SANY.

(9) The equity interest was transferred from Wuxi Hancheng.

(10) The equity interest was transferred from Shenzhen Huiyue.

(11) On March 1, 2022, Jiakaisheng transferred RMB121,149, RMB70,751 and RMB1,939 of our registered share capital to Mr. Zhou Yongsen (周永森), Mr. Ying Ting (應挺) (both being its limited partners), and Ms. Xu Jianming (徐建明) (being its general partner) at considerations of RMB5,093,104.56, RMB2,974,231.97 and RMB81,522.79, respectively.On March 3, 2022, Jiakaisheng further transferred RMB6,853, RMB4,002 and RMB109 of our registered share capital to Mr. Zhou Yongsen (周永森), Mr. Ying Ting (應挺) and Ms. Xu Jianming (徐建明) at considerations of RMB1,093,750, RMB638,750 and RMB17,500, respectively. Such transactions were completed on April 20, 2022 and June 13, 2022, respectively. The equity interest listed in the table above was transferred from Mr. Zhou Yongsen (周永森).

(12) The equity interest was transferred from Nanjing Jinti, Shenzhen Huiyue and Shenzhen Tianhui.

(13) The equity interest was transferred from Baolong Automotive.

(14) The equity interest was transferred from SANY.

(15) The equity interest was transferred from Guoce Investment and Jiaxing Xingxin.

(16) The equity interest was transferred from Shanghai Ruiyingchuang.

(17) On November 11, 2024, CVC SII entered into an investment agreement with each of Nanshan Hongtai, Hangzhou Chuangqian, Shangqi Huizhu and Huaxin Chuangyuan SII, pursuant to which, CVC SII agreed to purchase RMB58,614, RMB89,877, RMB31,309 and RMB55,356 of registered capital of our Company from Nanshan Hongtai, Hangzhou Chuangqian SII, Shangqi Huizhu and Huaxin Chuangyuan SII, at considerations of RMB11,216,411, RMB17,199,135, RMB5,991,330 and RMB10,593,124, respectively. On the same date, CVC SII entered into investment agreements with our Company, Dr. Li, Mr. Li, Shanghai Ruixinchuang and Shanghai Chuangyingrui, pursuant to which, CVC SII was agreed to (i) subscribe for RMB335,937 of registered capital of our Company at a consideration at RMB75 million, and (ii) subscribe the convertible bonds at RMB223.2562 per Share and RMB30.00 million in total and entitled to convert such bonds to 134,374 Shares upon satisfaction of conditions, respectively. On July 30, 2025, the general meeting of our Company considered and approved that CVC SII to convert such bonds to 134,374 Shares given the conditions for conversion have been fulfilled. Such conversion has been completed on August 6, 2025.

(18) The increase in the market value of our Company was due to the continued growth of our business and R&D progress. In 2018, 2021, 2022 and 2024, we successively commenced massive production of our chip products and entered into various rapid growth industries such as new energy, automotive and electronics industries. See "—Business Milestones" and "Business" section for details.

Strategic Benefits and Basis of Determining the Consideration Paid

The Consideration for Pre-[**REDACTED**] Investments was based on arms' length negotiation between our Company and the Pre-[**REDACTED**] investors after taking into consideration of a number of factors, including but not limited to (1) status of milestones and prospects of R&D and commercialization of our chip products; (2) our realized and projected operating revenue scale; (3) our R&D management system and execution efficiency and other factors of our Company; and (4) the timing of the investments, the market value and the prospects of our business.

We are of the view that (i) our Group would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors; (ii) our Group could benefit from the Pre-[**REDACTED**] Investors' knowledge and experience and take advantage of their industry resources and networks, while at the same time broaden our shareholder base; and (iii) the Pre-[**REDACTED**] Investors' investment demonstrated their confidence in our Group and served as an endorsement of our performance, strengths and prospects.

Use of [REDACTED] from the Pre-[REDACTED] Investments

The proceeds received by us from the pre-[**REDACTED**] investments which involved subscriptions of increased registered capital of our Company amounted to approximately RMB1,051 million. As of June 30, 2025, the [**REDACTED**] from the Pre-[**REDACTED**] investments had been fully utilized. The proceeds from the Pre-[**REDACTED**] investments have been utilized for our general operation and working capital purposes.

Special Rights of Our Pre-[REDACTED] Investors

In connection with the pre-[**REDACTED**] investments, our Pre-[**REDACTED**] Investors were granted certain special rights, including, among others, pre-emptive right, right of first refusal, right of co-sale, redemption right, information right, anti-dilution right, and special rights in liquidation pursuant to certain shareholders agreements of our Company. In anticipation of the [**REDACTED**], our Shareholders have entered into the supplemental agreement to the shareholders agreement dated September 4, 2025, pursuant to which, (i) the redemption right was terminated and (ii) all the other special rights granted to our Pre-[**REDACTED**] Investors will be terminated prior to the [**REDACTED**].

Joint Sponsors' Confirmation

On the basis that (i) the considerations for the Pre-[**REDACTED**] Investments were settled in compliance with Chapter 4.2 of the Guide; and (ii) the redemption and divestment rights granted to the Pre-[**REDACTED**] Investors had been terminated prior to the submission of [**REDACTED**] to the [**REDACTED**] and all other special rights will be terminated upon [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide.

Information regarding Our Principal Pre-[REDACTED] Investors

Set out below is a description of our existing Pre-[**REDACTED**] Investors, including, among others, sophisticated independent investors as defined under Chapter 2.5 of the Guide ("Sophisticated Independent Investors" or "SIIs"), including pathfinder Sophisticed Independent Investors ("Pathfinder SIIs"). To the best knowledge of our Directors, each of our Sophisticated Independent Investors and other principal Pre-[**REDACTED**] Investors as well as their ultimate beneficial owners is independent from and not connected with any Director, chief executive or substantial shareholder of our Company, or its subsidiaries, or any of their respective close associates, and each of such Pre-[**REDACTED**] Investors is independent from each other unless as disclosed below.

Our Pathfinder SIIs

Mixed Reform Fund SII

Mixed Reform Fund SII is a limited liability company incorporated in the PRC and principally engaged in equity investment, asset management, investment advisory and corporate management advisory, with an investment focus on key strategic fields, core technical domains and others. It is controlled and owned as to 34.23% by China Chengtong Holdings Group Limited (中國誠通控股集團有限公司). The remaining 18 shareholders of Mixed Reform Fund SII are Independent Third Parties, none of which individually holds more than 30% interests in Mixed Reform Fund SII.

The Group became acquainted with Mixed Reform Fund SII through business introduction. As at the Latest Practicable Date, Mixed Reform Fund SII held approximately 6.05% of the total share capital of our Company. The assets under management ("AUM") of Mixed Reform Fund SII was approximately RMB59.0 billion as of December 31, 2022 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company) and RMB72.0 billion as of June 30, 2025, respectively. In compliance with Rule [**REDACTED**] of the Listing Rules, Mixed Reform Fund SII held approximately 6.05% and 6.23% of the total issued share capital of our Company, [**REDACTED**].

Jingwei SII

Jingwei SII is an equity investment fund in the form of limited partnership and established under the laws of the PRC. The general partner of Jingwei SII is Hangzhou Maiqisi Investment Partnership (Limited Partnership) (杭州麥奇思投資合夥企業(有限合夥)), the general partner of which is Hangzhou Jingwei Investment Management Co., Ltd. (杭州景巍投資管理有限公司). All of the 31 limited partners of Jingwei SII are Independent Third Parties, none of which holds more than 30% of limited partnership in Jingwei SII. Hangzhou Jingwei Investment Management Co., Ltd. is owned as to 90.00% by Zuo Lingye (左淩燁) and 10.00% by Xiao Ping (肖萍). Jingwei SII is managed by its fund manager, Shanghai Jingzhuo Investment Management Co., Ltd. (上海旌卓投資管理有限公司) ("Shanghai Jingzhuo"). Shanghai Jingzhuo has primarily focused its investments in specialized technology sectors in recent years, and has invested in many reputable technology companies such as Li Auto, Unitree Robotics, Muxi and LandSpace.

The Group became acquainted with Jingwei SII through business introduction. As of the Latest Practicable Date, Jingwei SII held approximately 6.00% of the total share capital of our Company. The AUM of Shanghai Jingzhuo was more than HK$15 billion as of March 31, 2025 and as of April 6, 2019 (being a date not more than six months prior to the date on which such investor signed definitive agreement for its investment in our Company), respectively. In compliance with Rule [**REDACTED**] of the Listing Rules, Jingwei SII held approximately 6.00% and 6.75% of the total issued share capital of our Company, [**REDACTED**].

Our Other SIIs

Chendao SIIs (being Changjiang Chendao, Yibin Lvneng and Yibin Chendao)

Each of Changjiang Chendao, Yibin Lvneng and Yibin Chendao is an equity investment fund in the form of limited partnership and established under the laws of the PRC, all being controlled and managed by their general partner, Chendao Capital LLP (寧波梅山保稅港區晨道投資合夥企業(有限合夥)) ("Chendao Capital"). Chendao Capital is controlled by Ningbo Meishan Bonded Port Area Yitian Investment Co., Ltd. (寧波梅山保稅港區倚天投資有限公司) as its general partner and in turn owned as to 67.00% by Guan Chaoyu (關朝余) and 33.00% by Zhang Shuqin (章書勤). The funds managed by Chendao Capital primarily focus on investments in strategic emerging industries, including green and low-carbon technologies, high-end equipment manufacturing, new materials, and semiconductors.

The Group became acquainted with the Chendao SIIs through business cooperation. Chendao SIIs had the AUM of approximately RMB9.3 billion as of June 30, 2025 and approximately RMB2.1 billion as of September 30, 2020, respectively, derived primarily from Specialist Technologies investments. As of the Latest Practicable Date, the Chendao SIIs held approximately 4.88% of the total share capital of our Company.

Shangqi Capital SIIs (being Shangqi Huizhu, Shangqi Delian and Ningbo Jiechuang)

Each of Shangqi Huizhu, Ningbo Jiechuang and Shangqi Delian are limited partnerships established under the laws of the PRC. They are managed and controlled by Shanghai Shangqi Investment Management Partnership Enterprise (Limited Partnership) (上海尚頎投資管理合夥企業(有限合夥)) ("Shangqi Capital") as general partner. Shangqi Capital was established in 2012 and is a private equity fund manager focusing on automotive supply chain investments such as smart driving, advanced manufacturing, new energy and materials. Shangqi Capital is owned as to 40% of limited partnership by SAIC Motor Financial Holdings Co., Ltd. (上海汽车集团金控管理有限公司), which is ultimately controlled by SAIC Motor Corporation Ltd. (上海汽車集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600104)).

During the track record period, affiliates of the SAIC Motor are business partners of our Group. The AUM of Shangqi Capital was approximately RMB18.8 billion as of September 30, 2021 and RMB47.7 billion as of March 31, 2025, respectively. As of the Latest Practicable Date, the Shangqi Capital SIIs collectively held approximately 2.09% of the total issued Shares of our Company.

Geely SII

Geely SII is an equity investment fund in the form of limited partnership and established under the laws of the PRC. It is controlled and managed by Geely (Tianjin) Private Equity Fund Management Co., Ltd. (吉利(天津)私募基金管理有限公司) ("Geely Tianjin") as its general partner, holding approximately 1.64% partnership interest in Geely SII. Geely Tianjian is indirectly wholly-owned by Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司) ("Geely Holding"), which is ultimately beneficially wholly-owned by Mr. Li Shufu (李書福) ("Mr. Li") and his associate. Geely SII is held by Geely Haihe Co-creation Investment (Tianjin) Partnership (Limited Partnership) (吉利海河共創投資(天津)合夥企業(有限合夥)) ("Geely Haihe") as to 95.74% as a limited partner. Geely Haihe is controlled and managed by Geely Investment Management (Tianjin) Co., Ltd. (吉利投資管理(天津)有限公司) and Geely Investment Management (Zhenjiang) Co., Ltd. (吉利投資管理(鎮江)有限公司) as its general partners, each holding approximately 0.42% partnership interest therein. Each of the general partners of Geely Haihe is ultimately controlled by Mr. Li. None of the limited partners of Geely Haihe hold more than 30% partnership interest therein. Our Group became acquainted with Geely SII through introduction. As of the Latest Practicable Date, Geely SII held approximately 2.08% of the total issued Shares of our Company.

According to Frost & Sullivan, based on public available information, Geely Holding is a key participant in the downstream automotive industry in terms of sales volume of all types of vehicles by automobile groups in the PRC as of December 31, 2022 and June 30, 2025, respectively.

CVC SII

CVC SII is a limited partnership and established under the laws of the PRC. CVC SII is controlled and managed by China Venture Capital Xinzhi Investment Development (Guangzhou) Limited Partnership Enterprise (Limited Partnership) (國風投新智投資發展(廣州)合夥企業(有限合夥)) ("CVC Xinzhi Investment Development"), which is controlled and managed by its general partner, China Venture Capital Innovation Private Equity Fund Management Co., Ltd. (國風投創新私募基金管理有限公司) ("CVC Innovation"). CVC Innovation is controlled by China Reform Fund Management Co., Ltd. (中國國新基金管理有限公司), which is controlled by China Reform Holding Corporation, Ltd. (中國國新控股有限責任公司) ("China Reform").

The Group became acquainted with CVC SII through business introduction. The AUM of China Reform was over HK$15 billion as of June 30, 2024 and as of June 30, 2025, respectively. As at the Latest Practicable Date, CVC SII held approximately 4.33% of the total share capital of our Company.

C&D Investment SIIs (being Jianfa Emerging Industry and Jianfa Changrong)

Jianfa Emerging Industry is an equity investment fund in the form of limited partnership and established under the laws of the PRC. It is controlled and managed by its general partner, Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) ("Xiamen Jianxin"). Jianfa Changrong is an equity investment fund in the form of limited partnership and established under the laws of the PRC. It is controlled and managed by its general partner, Xiamen Jianxin.

Xiamen Jianxin is directly and indirectly wholly owned by Xiamen C&D Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司) ("Xiamen C&D Investment"), which is wholly owned by the State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會). Xiamen C&D Investment was established in 2014 and is one of the five major business segments of Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司), a Fortune Global 500 company.

The Group became acquainted with the C&D Investment SIIs through introduction by our investor. The AUM of Xiamen C&D Investment was over RMB20 billion as of June 30, 2025 and over RMB15 billion as of June 30, 2024, respectively. As at the Latest Practicable Date, the C&D Investment SIIs held approximately 2.43% of the total share capital of our Company.

Huaxin Chuangyuan SII

Huaxin Chuangyuan SII is an equity investment fund in the form of limited partnership and established under the laws of the PRC. It is controlled and managed by its general partner, Qingdao Huaxin Boyuan Venture Capital Management Center (Limited Partnership) (青島華芯博原創業投資管理中心(有限合夥)), which is controlled by its general partner, Huaxin Yuanchuang (Qingdao) Investment Management Co., Ltd. (華芯原創(青島)投資管理有限公司) ("Qingdao Huaxin") and in turn wholly owned by Sakarya Limited, a company incorporated under the laws of Hong Kong.

The Group became acquainted with Huaxin Chuangyuan SII through introduction by our investor. As of the Latest Practicable Date, Huaxin Chuangyuan SII held approximately 3.70% of the total issued shares of our Company. Qingdao Huaxin's AUM was more than RMB5.0 billion derived primarily from Specialist Technology investments as of June 30, 2025 and the planned size of the managed funds of Qingdao Huaxin was around RMB4.0 billion as of March 31, 2017. Qingdao Huaxin and its affiliates are globally renowned venture capital firm with deep expertise in high technology. The firm focuses on investments across the electronics industry chain, automotive electronics, new energy, artificial intelligence, big data, cloud computing, Industry 4.0, and innovative new economic models.

Our Other Existing Pre-*[REDACTED] *Investors

Hai Feng Investment

Hai Feng Investment is a limited company incorporated in Hong Kong and is principally engaged in equity investment. As of the Latest Practicable Date, Hai Feng Investment is wholly owned by SL Capital Fund I, L.P., the general partner of which is ultimately controlled by SK Inc., Chen Hao (陳浩), Zhu Linan (朱立南), Li Jiaqing (李家慶) and Wang Nengguang (王能光), each being an Independent Third Party. As of the Latest Practicable Date, Hai Feng Investment held approximately 6.44% of our total share capital.

Nanshan Hongtai

Nanshan Hongtai is a limited partnership established under the laws of the PRC. It is controlled and managed by its general partner, Hongtai (Shenzhen) Industrial Investment Fund Management Enterprise (Limited Partnership) (鴻泰(深圳)產業投資基金管理企業(有限合夥)), which is controlled by Shenzhen Hongtai Fund Investment Management Co., Ltd. (深圳鴻泰基金投資管理有限公司) as its general partner ("Shenzhen Hongtai"). Shenzhen Hongtai is in turn owned as to 33.34%, 33.33% and 33.33% by two independent individuals and Shenzhen Houwang Investment Management Co., Ltd. (深圳市厚望投資管理有限公司), respectively. Shenzhen Houwang Investment Management Co., Ltd. is owned as to 99.00% by Zeng Zhijie (曾之杰).

Ningbo Cenyou

Ningbo Cenyou is limited partnership established under the laws of the PRC. The general partner of Ningbo Cenyou is Shanghai Cenhuang Investment Co., Ltd. (上海岑煌投資管理有限公司), which is controlled by Li Lihua (李麗華).

Jiyuan Haoyue and Jiyuan Haoyuan (collectively, "Jiyuan Capital")

Jiyuan Haoyue is an equity investment fund in the form of limited partnership and established under the laws of the PRC and controlled and managed by its general partner, Zhangjiagang Yuanyu Enterprise Management Partnership (Limited Partnership) (張家港源宇企業管理合夥企業(有限合夥)), which is controlled by Shanghai Jican Management Consulting Co., Ltd. (上海紀璨管理諮詢有限公司) as its general partner.

Jiyuan Haoyuan is an equity investment fund in the form of limited partnership and established under the laws of the PRC and controlled and managed by its general partner, Shanghai Jiyuan Huining Enterprise Management Partnership (Limited Partnership) (上海紀源匯寧企業管理合夥企業(有限合夥)), which is controlled by Shanghai Jican Management Consulting Co., Ltd. (上海紀璨管理諮詢有限公司) as its general partner.

Shanghai Jican Management Consulting Co., Ltd. (上海紀璨管理諮詢有限公司) is owned as to 33.40% by Xu Bingdong (徐炳東), 33.30% by Wu Chenyao (吳陳堯) and 33.30% by Li Haojun (李浩軍).

Changshun Zhiying and Changshun Jianye

Changshun Zhiying is an equity investment fund in the form of limited partnership and established under the laws of the PRC and controlled and managed by its general partner holding approximately 0.1% of the partnership interest, Gongqingcheng Changshun Jianye Investment Partnership (LP) (共青城長舜建業投資合夥企業(有限合夥)), which is managed by general partner, Sanya Pengzhe Private Fund Management Co., Ltd. (三亞朋哲私募基金管理有限公司), which is owned as to 85.00% by Yang Bing (楊冰) and 15.00% by Lu Xiaoting (陸曉婷). Changshun Jianye is a limited partner of Changsun Zhiying holding 99.9% partnership interest. Changshun Jianye is wholly owned by Shi Jianxiang (施建祥).

Haiwang Fund

Haiwang Fund is an equity investment fund in the form of limited partnership and established under the laws of the PRC. It is controlled and managed by its general partner, Shanghai Pudong Yunwang Integrated Circuit Center (Limited Partnership) (上海浦東鋆望集成電路中心(有限合夥)), which is controlled by its general partner, Shanghai Pudong Haiwang Private Equity Fund Management Co., Ltd. (上海浦東海望私募基金管理有限公司), a company owned as to 49% by Shanghai Pudong Kechuang Group Co., Ltd. (上海浦東科創集團有限公司) ("Shanghai Pudong Kechuang"). Shanghai Pudong Kechuang is owned as to 90% by the State Assets Supervision and Management Commission of Shanghai Pudong New Area (上海市浦東新區國有資產監督管理委員會) and as to 10% by Shanghai Municipal Finance Bureau (上海市財政局). Except for Shanghai Pudong Kechuang, none of the other shareholders of Shanghai Pudong Haiwang Private Equity Fund Management Co., Ltd. owns more than 30% of its equity interests.

Baolong Automotive

Baolong Automotive is a joint stock company incorporated in the PRC principally engaged in manufacture, sales, research and development and investment automotive parts and components, whose shares are listed on the Shanghai Stock Exchange (stock code: 603197).

Mr. Zhou Yongsen (周永森), Mr. Ying Ting (應挺) and Ms. Xu Jianming (徐建明)

Each of Mr. Ying Ting and Mr. Zhou Yongsen is an individual investor and is a limited partner of Jiakaisheng, a limited partnership established under the laws of the PRC, holding 36.50% and 62.50% partnership interests, respectively. Ms. Xu Jianming is an individual investor and is the general partner of Jiakaisheng. She served as our Supervisor from September 2015 to November 2024.

Zhuhai Xinde and Dongguan Xinde (collectively, "Guangfa Xinde Investment")

Each of Zhuhai Xinde and Dongguan Xinde is a limited partnership and established under the laws of the PRC. Both of them are controlled and managed by their general partner, GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司), which is wholly owned by GF Securities Co., Ltd. (廣發證券股份有限公司), a company engaged in investment banking, wealth management, trading and institutional services, and investment management, whose shares are listed on both the Shenzhen Stock Exchange (stock code: 000776) and the Stock Exchange (stock code: 1776).

Nanjing Jinti

Nanjing Jinti is an equity investment fund in the form of limited partnership and established under the laws of the PRC and controlled and managed by its general partner, Nanjing Jin'ou Venture Capital Management Partnership (Limited Partnership) (南京金甌創業投資管理合夥企業(有限合夥)), which is controlled by Jinyu Maowu (Tibet) Venture Capital Management Co., Ltd. (金雨茂物(西藏)創業投資管理有限公司) as a general partner, which is in turn wholly owned by Jolmo Investment Management Co., Ltd. (金雨茂物投資管理股份有限公司), whose shares are listed on the National Equities Exchange And Quotations (Stock code: 834960) and is principally engaged in equity investment business.

Huachun Baoxin

Huachun Baoxin is a limited partnership established under the laws of the PRC. It is managed by its general partner, Huatai Baoli Investment Management Co., Ltd. (華泰寶利投資管理有限公司), which is wholly owned by Huatai Asset Management Co., Ltd. (華泰資產管理有限公司), a company indirectly controlled by HUATAI Insurance Group Co., Ltd. (華泰保險集團股份有限公司), an insurance group.

Huajin Lingyi and Huajin Shangying

Each of Huajin Linyi and Huajin Shangying is a limited partnership established under the laws of the PRC and is managed by their general partner, Zhuhai Huajin Lingchuang Fund Management Co., Ltd. (珠海華金領創基金管理有限公司), which is wholly-owned by Zhuhai Huajin Capital Co., Ltd., a company Listed on the Shenzhen Stock Exchange (Stock Code: 00532).

CICVC

CICVC is a limited partnership established under the laws of the PRC. It is managed by Beijing CICV Capital Management Co., Ltd. (北京國汽智聯投資管理有限公司) as its general partner.

SANY

SANY is a limited liability company incorporated under the laws of the PRC and held as to 41% by SANY Group Co., Ltd. (三一集團有限公司) as its largest shareholder, which is a leading construction machinery group and ultimately controlled by Liang Wengen (梁穩根).

Qufu Tianbo

Qufu Tianbo is a limited liability company incorporated in the PRC and is owned as to 39.5% by Qufu Tianbo Equity Investment Fund Limited Partnership Enterprise (Limited Partnership) (曲阜天博股權投資基金合夥企業(有限合夥)), the general partner of which is Lv Xinmin (呂新民).

Shuangyi Hengrun

Shuangyi Hengrun is a limited partnership established under the laws of the PRC. Its general partner is Hainan Lianheng Management Consulting Co., Ltd. (海南聯衡管理諮詢有限公司), which is owned as to 65% by Yan Changhui (顏昌會) as its largest shareholder.

Guangqi Yuexiu and Guangqi Zhiyuan

Each of Guangqi Yuexiu and Guangqi Zhiyuan is a limited partnership established under the laws of the PRC, the general partner of which is Guangzhou Yingpeng Private Equity Fund Management Co., Ltd. (廣州盈蓬私募基金管理有限公司). It is wholly-owned by Guangqi Capital Co., Ltd. (廣汽資本有限公司), which is wholly owned by Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601238) and main board of the Stock Exchange (stock code: 2238) and a leading joint-stock automotive enterprise group.

Shenzhen Huiyue and Shenzhen Tianhui (collectively, "Fibonacci Venture Capital")

Shenzhen Huiyue is managed by Sanya Qiansheng No. 2 Investment Partnership Enterprise (Limited Partnership) (三亞千乘二期投資合夥企業(有限合夥)) as general partner, which is in turn managed by Shenzhen Baiyang Investment Management Co., Ltd. (深圳白楊投資管理有限公司) as general partner. Shenzhen Baiyang Investment Management Co., Ltd. (深圳白楊投資管理有限公司) is wholly owned by Sanya Qiansheng Chuangye Investment Co., Ltd. (三亞千乘創業投資有限公司). Shenzhen Tianhui is managed by Sanya Qiansheng Chuangye Investment Co., Ltd. (三亞千乘創業投資有限公司) as general partner. Sanya Qiansheng Chuangye Investment Co., Ltd. (三亞千乘創業投資有限公司) is owned as to 49.2% by Shenzhen Tiemuzhen Investment Consulting Co., Ltd. (深圳鐵木真投資諮詢有限公司) as its largest shareholder, which is controlled by Xiong Wei (熊偉).

Thriving Capital

Thriving Capital is a limited partnership established under the laws of the PRC and is ultimately controlled by Huang Kun (黃錕).

Junwang Investment

Junwang Investment is a limited partnership established under the laws of the PRC. Its general partner is Yue Hao (岳浩). as its general partner who holds 27.78% limited partnership interest. The limited partners of Junwang Investment are Xing Xiao (邢瀟) and Li Yinan (李懿男), who hold 70% and 2.22% of the limited partnership interest, respectively.

Meaningful Investment from Sophisticated Independent Investors

We have received investments from two Pathfinder SIIs, namely the Mixed Reform Fund SII and the Jingwei SII, each having invested in the Group for at least 12 months prior to the first submission of our [**REDACTED**] to the [**REDACTED**] for the purpose of the [**REDACTED**]. In accordance with Chapter 2.5 of the Guide, each of them held more than 3%, and in aggregate more than 10%, of the issued share capital of our Company as of the date of our [**REDACTED**] and throughout the [**REDACTED**] 12-months period. For details of the shareholding percentage in our Company's share capital of each of the Sophisticated Independent Investors as of the Latest Practicable Date, see "—Capitalization of Our Company."

As of the Latest Practicable Date, our Sophisticated Independent Investors held, in aggregate, approximately 31.56% in the total issued share capital of our Company. Upon the [**REDACTED**], such Sophisticated Independent Investors will hold, in aggregate, no less than 20% in the total issued share capital of our Company, assuming that our expected market capitalization at the time of [**REDACTED**] will be more than HK$4 billion but less than HK$15 billion.

LOCK-UP PERIOD

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**] Date, all existing Shareholders (including our Pre-[**REDACTED**] Investors) are prohibited from disposing of any of the Shares held by them.

The following Shares will be subject to disposal restrictions pursuant to Rule [**REDACTED**] and Rule [**REDACTED**] of the Listing Rules at the time of the [**REDACTED**]:

Name	Positions	Aggregate number of Shares held immediately following the completion of the [REDACTED](1)	Aggregate ownership percentage of shareholding in the total issued share capital of our Company following the completion of the [REDACTED](1)	Lock-up period
Key persons and their close associates				
Dr. Li	Chairman of the Board, executive Director and general manager	[**REDACTED**]	[**REDACTED**]	Commencing on the date of this document and ending on expiry of 12 months from the [**REDACTED**] Date
Mr. Li	Executive Director and vice president	[**REDACTED**]	[**REDACTED**]	
Shanghai Chuangyingrui(2) .	ESOP platform controlled by Dr. Li	[**REDACTED**]	[**REDACTED**]	
Shanghai Ruixinchuang(2) .	ESOP platform controlled by Dr. Li	[**REDACTED**]	[**REDACTED**]	
Gongqingcheng SENASIC	entity controlled and managed by Dr. Li	[**REDACTED**]	[**REDACTED**]	
Pathfinder SIIs				
Mixed Reform Fund SII	Pathfinder SII	[**REDACTED**]	[**REDACTED**]	Commencing on the date of this document and ending on expiry of six months from the [**REDACTED**] Date
Jingwei SII	Pathfinder SII	[**REDACTED**]	[**REDACTED**]	

(1) Assuming the [**REDACTED**] is not exercised.

(2) As of the Latest Practicable Date, Shanghai Chuangyingrui and Shanghai Ruixinchuang were established as our ESOP Platforms, under which the eligible participants (including our executive Directors, Dr. Li, Mr. Li as well as other core R&D members of our Group) were awarded partnership interest in the ESOP Platforms. See "Business—Research and Development—Our Research and Development Team and Core Members" for further details.

PUBLIC FLOAT

Our Company has applied for H Share full circulation to convert an aggregate of [**REDACTED**] Unlisted Shares held by 47 existing Shareholders, representing [**REDACTED**]% of the total issued Shares of our Company as of the Latest Practicable Date.

Among the [**REDACTED**] H Shares to be converted from Unlisted Shares and [**REDACTED**] on the Stock Exchange following the Completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares:

(a) [**REDACTED**] H Shares representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [**REDACTED**] as such H Shares are held by Dr. Li, Mr. Li, Shanghai Chuangyingrui, Shanghai Ruixinchuang, Gongqingcheng SENASIC and Gongqingcheng Yingruichuang, being the core connected persons of our Company; and

(b) the remaining [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such Shareholders are not core connected persons of our Company upon the [**REDACTED**] nor accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

See "Share Capital—Conversion of Unlisted Shares into H Shares" for more details of the H Shares to be converted from Unlisted Shares and [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares.

As a result, immediately upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, taking into account [**REDACTED**] H Shares to be offered pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), an aggregate of [**REDACTED**] H Shares will count towards the public float of our Company, representing [**REDACTED**]% of the total issued Shares.

[REDACTED] FLOAT

[**REDACTED**]

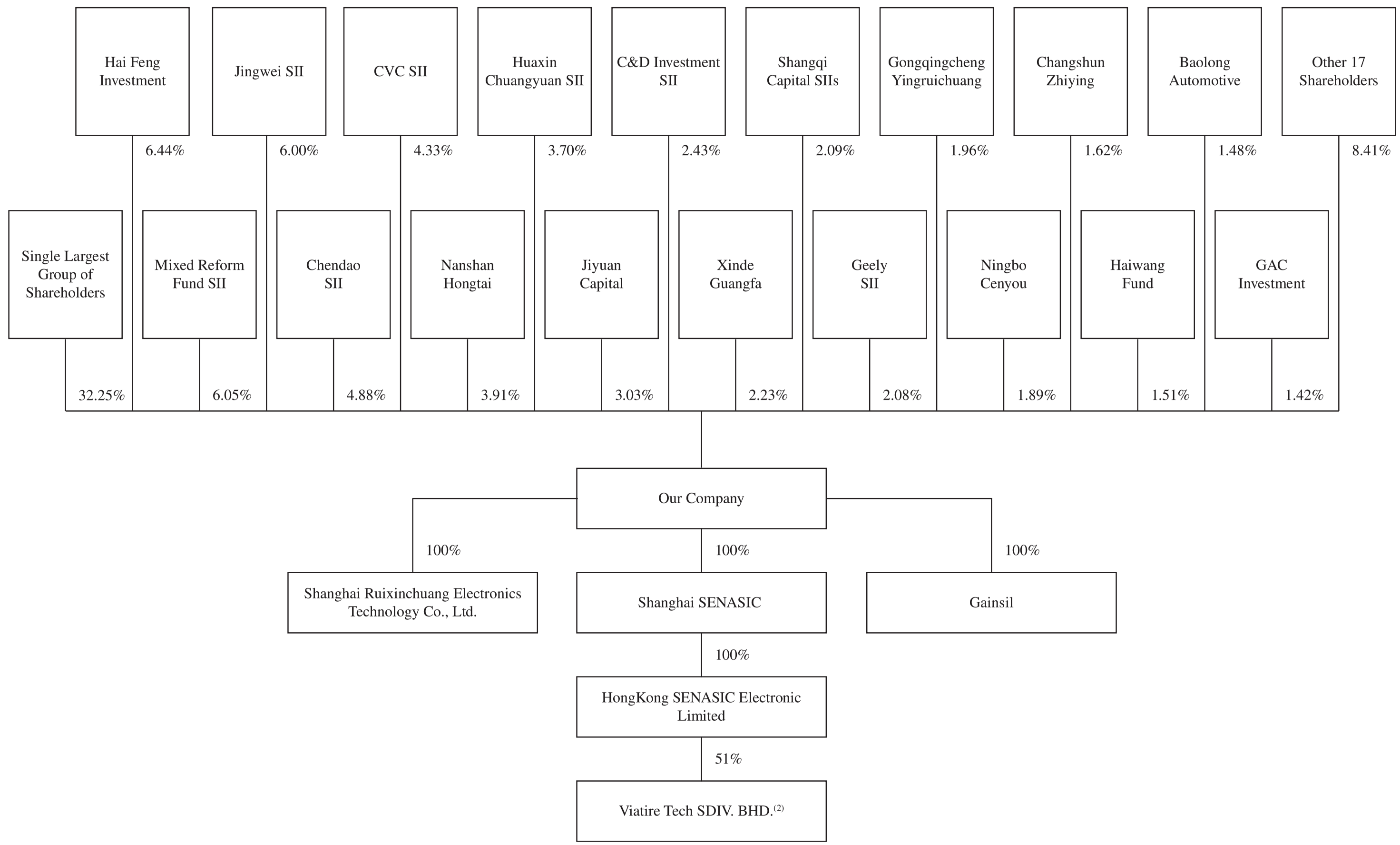
Our Company will satisfy the [**REDACTED**] float requirement under Rule [**REDACTED**] (as amended and replaced by Rule [**REDACTED**]) of the Listing Rules.

EMPLOYEE INCENTIVE SCHEME

We have adopted the Employee Incentive Scheme, the purpose of which is to incentivize our employees and external consultant who have made contribution to our Group's development. For details of the Employee Incentive Scheme, see the section headed "Statutory and General Information—1. Further Information about our Company—F. Employee Incentive Scheme" in Appendix IV to this document.

CORPORATE STRUCTURE

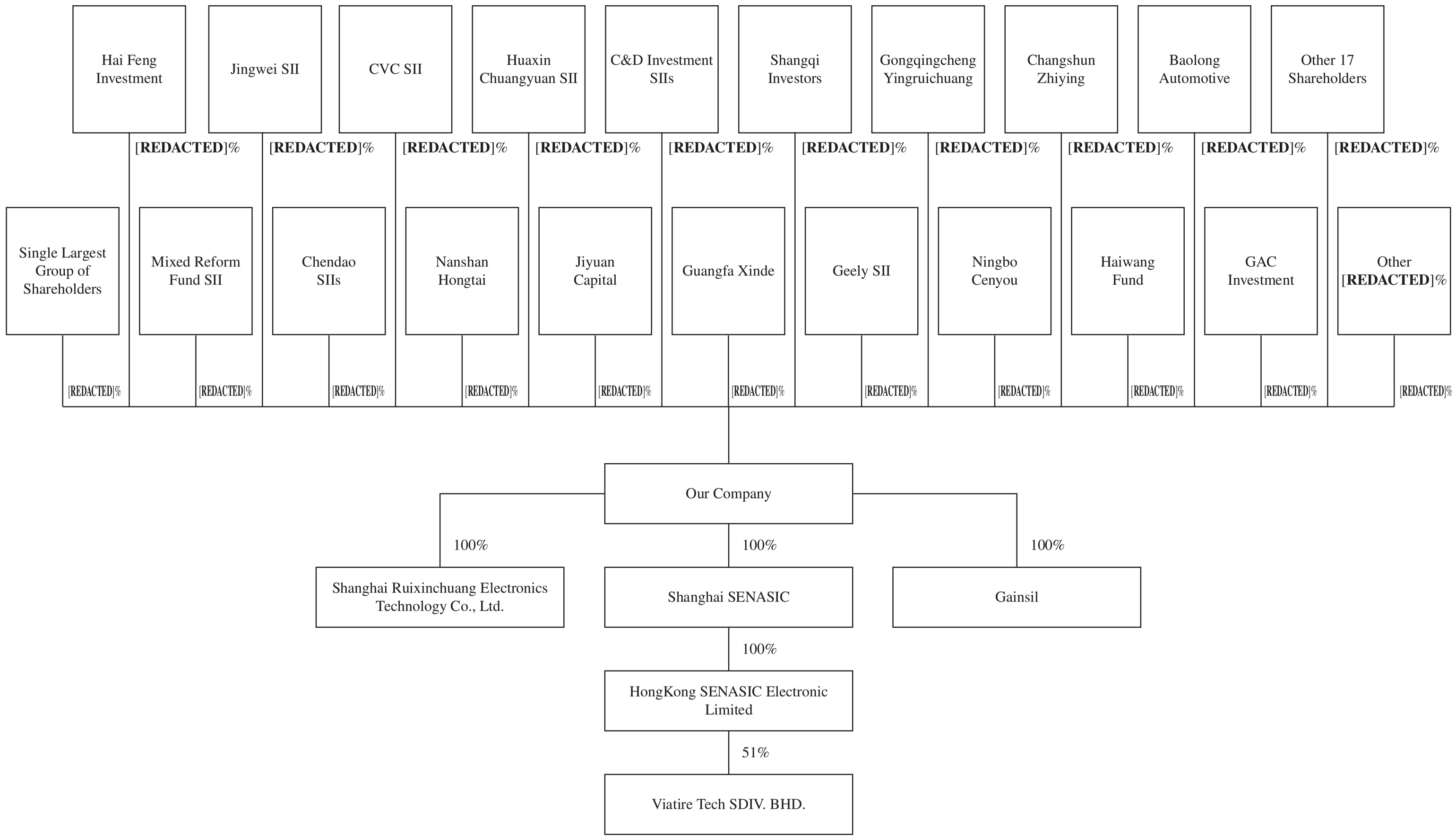
The following chart sets forth our corporate structure immediately prior to the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares[(1)]:



(1) See note to the capitalization table set forth in the "—Capitalization of Our Company" for details.

(2) The remaining 49% of shareholding of such subsidiary is owned by 3L Automotive Technology Pte. Limited as to 4% and E-Motor Industries Intl, Shanghai Co., Ltd. as to 45%, both of which are Independent Third Parties.

The following chart sets forth our corporate structure immediately after the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, without taking into account any H Shares which may be issued upon the exercise of the [**REDACTED**]:



(1) See note to the capitalization table set forth in the "—Capitalization of Our Company" for details.

(2) The remaining 49% of shareholding of such subsidiary is owned by 3L Automotive Technology Pte. Limited as to 4% and E-Motor Industries Intl, Shanghai Co., Ltd. as to 45%, both of which are Independent Third Parties.

OUR MISSION

Empower the future of intelligence with innovative sensor SoCs.

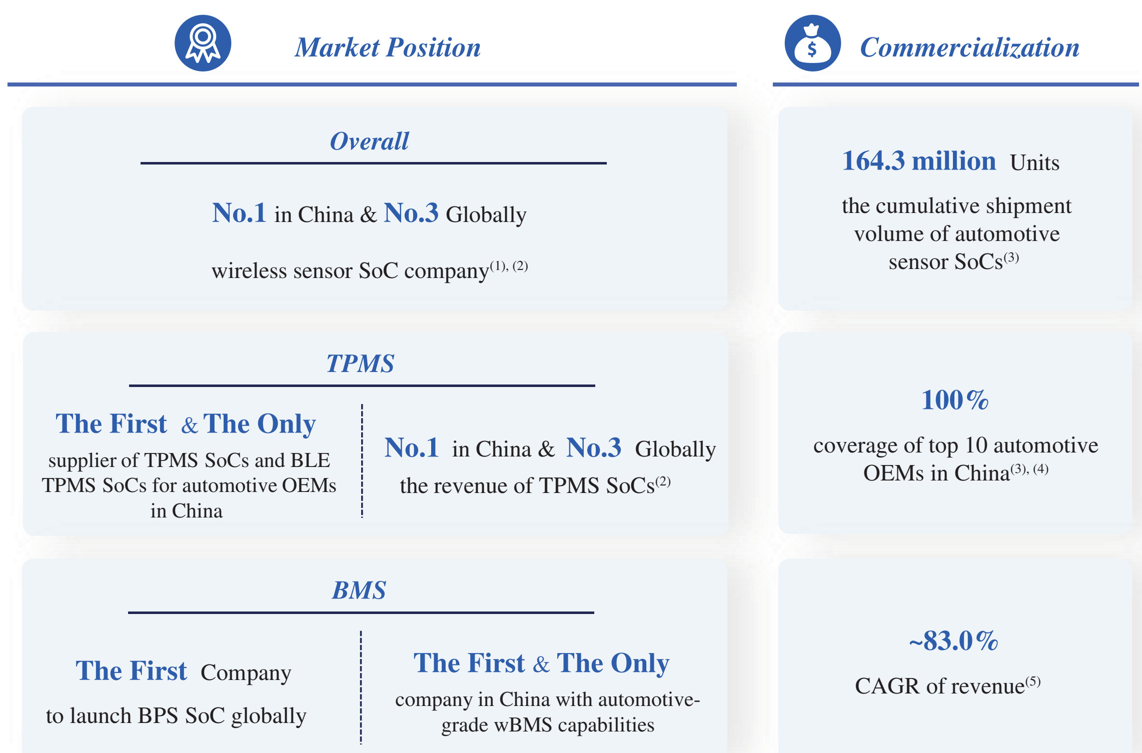
創「芯」賦能,智啟未來。

WHO WE ARE

We are a global leader and pioneer in wireless sensor SoCs, dedicated to providing innovative sensor chips. We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024, according to the F&S report.

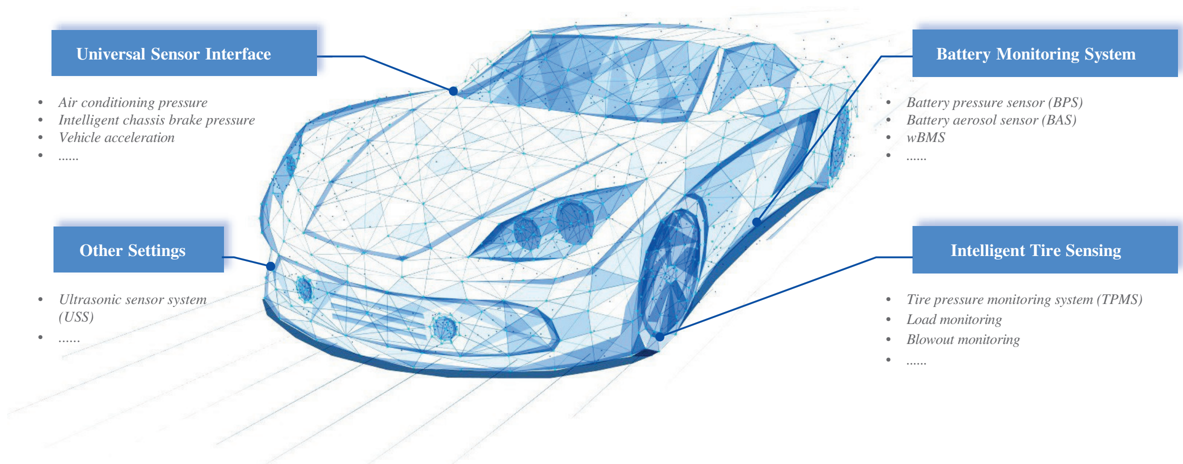
We have spearheaded the wireless integration and SoC architecture of sensor chips. Recognizing wireless sensor SoCs as pivotal growth engines in automotive electronics, we secured first-mover advantage by mass-producing high-performance automotive-grade wireless sensor SoCs since 2018. Leveraging our deep domain expertise and scalable SoC platform, we are able to deploy these innovations in other high-growth verticals such as energy storage and industrial electronics since 2021, where our wireless sensor SoCs enable next-gen capabilities.

The following chart demonstrates our accomplishments to date.



(1) In terms of revenue
(2) In 2024
(3) As of June 30, 2025
(4) Based on product adoption, in terms of sales volume in 2024
(5) In 2022-2024

Sensor SoCs are the vital gateway between intelligent terminals and the physical world, equipping intelligent terminals with a secure and reliable layer of digital protection. We offer a comprehensive portfolio of sensor SoC products for a broad array of sensing settings, primarily including: (1) intelligent tire sensing, where sensor SoCs are used in tire pressure, temperature, load and blowout monitoring; (2) battery monitoring, where sensor SoCs are used to monitor the voltage, current, impedance, temperature, pressure and other key physical properties of battery packs and individual cells; (3) universal sensor interface, where sensor SoCs serve multiple purposes, such as the monitoring of air conditioning pressure, intelligent chassis brake pressure and vehicle acceleration; and (4) other settings, such as ultrasonic sensor systems for ADAS. The image below illustrates the primary applications of our products, in the instance of automotive electronics sector.



OUR INNOVATION-LED VALUE PROPOSITION

We are an innovation-led and technology-driven company, with a steadfast commitment to the principle of "Product-market Fit." We consistently pursue the convergence of evolving market demand with our accumulated technological expertise, to deliver cutting-edge products that resonate with customer needs and industry trends.

We have gained keen insights into the shifting dynamics of market demand for sensor SoCs through continuous market research and forward-looking exploration. *First*, catalyzed by the rapid growth of the NEV industry, the automotive sensor market is poised for substantial long-term growth. *Second*, sensor SoCs are the vital gateway between the physical and digital world. While computing chips serve as the "brain" of intelligent systems, it is sensor chips that enable the "brain" to see, hear, feel and respond to the environment. *Third*, wireless integration, as a key development trend of future sensors, is redefining the future of sensing technology. Sensor architectures have been evolving toward highly integrated wireless sensor system-on-chips, i.e., SoCs, which combine traditional sensing function with low-power wireless communication and edge computing capabilities, and enable energy and information flows with interconnected cells. Through system-level integration, wireless sensor SoCs incorporate the components and subsystems for wireless sensing into a single microchip, enabling them to perform physical signal detection, and support localized data processing and wireless transmission. Such integration unlocks the next-generation sensing platform across automotive, energy storage and industrial electronics applications, featuring system-level integration, lightweight and low power consumption.

Our sensor SoCs equip hardware with multi-dimensional sensing capabilities, ranging from voltage, current and pressure to temperature, humidity and acceleration, which we expect to be more widely deployed in the AI era. Our sensor SoCs equip terminals with high-frequency data transmission that is critical to edge AI capabilities. For instance, via our TPMS SoCs, tire pressure data can be continuously transmitted to the cloud platform of vehicles for data analysis, thereby detecting abnormalities in advance to provide early alarms.

We therefore identify our path at the nexus of market opportunities and our core capabilities. We believe that wireless sensor SoCs are poised for tremendous long-term value and market potential. According to the F&S report, it is expected that the global market size of automotive wireless sensor SoCs in terms of revenue will increase from RMB3.6 billion in 2025 to RMB27.8 billion in 2030, at a CAGR of 50.5%. We believe that we are well-positioned to capture the growth opportunities in this market, which is driven by the growth of the NEV market, elevated regulatory mandates, enhanced battery safety requirements and battery architecture evolution, among others.

OUR PRODUCT PORTFOLIO

China has become the world's largest automotive manufacturing and consumption market since 2009, according to the F&S report. Automotive sensor chips are the core component of automotive sensing system, tasked with capturing a wide array of environmental and mechanical signals inside and outside of vehicles, processing, calibrating and compensating them in real time, and relaying them to the domain or central controllers. With the rapid advancement of smart vehicles, automotive OEMs and Tier 1 suppliers have been actively pursuing new sensing capabilities, opening new frontiers for sensor innovations. At the same time, the automotive industry's shift towards distributed architectures and edge intelligence was placing ever higher requirements on sensor performance. We were founded in 2015 amidst these market tailwinds, with a focused vision to pioneer the development of automotive-grade sensor SoCs.

Intelligent Tire Sensing SoCs

We achieved the mass production of our TPMS SoCs, our major product for intelligent tire sensing, in 2018. We are the first supplier in China that had achieved mass production of TPMS chips, according to the F&S report. We established first-mover advantage when China promulgated the mandatory standard for TPMS of passenger cars in 2017 (i.e., Performance Requirements and Test Methods of Tire Pressure Monitoring System for Passenger Cars (乘用車輪胎氣壓監測系統的性能要求和試驗方法) (GB 26149-2017), implemented from 2020. Pursuant to such standard, our TPMS SoCs are adopted in Type I TPMS (i.e., sensor-based), which is the predominant TPMS solution for passenger vehicles in China, according to the F&S report. We are also the first supplier in China that had achieved mass production of BLE TPMS chips, according to the F&S report, ready to capitalize on the expedited intelligent upgrades of NEVs in China that require TPMS sensors to achieve high data rates, high bandwidth and bi-directional communications. BLE TPMS solutions are emerging as the new industry trend due to their high integration and platform-based advantages, according to the same source. Additionally, we are the first and the only supplier of TPMS SoCs and BLE TPMS SoCs for automotive OEMs in China, according to the same source.

BMS SoCs

In 2021, we achieved the mass production of our BPS SoCs, one of our major BMS products, to address the challenges of early fault detection in thermal scenarios. We fortified our first-mover advantage with the launch of such product, when China promulgated the mandatory safety standard of the power batteries for EVs in 2020 (i.e., Electric Vehicles Traction Battery Safety Requirements (電動汽車用動力蓄電池安全要求) (GB 38031-2020), requiring five-minute advance warnings before thermal runaway. We remain our leading position in this market segment, ranking No.1 globally in terms of the revenue of BPS SoC products in 2024, according to the F&S report.

We continue to achieve breakthroughs with BMS SoCs, with the launch of new-generation BPS SoC product that meets the elevated safety standard of power batteries from passive alerts to proactive defense. In 2025, a more stringent mandatory requirement was promulgated for the power batteries for EVs in China, which mandates that power batteries must not ignite or explode for at least two hours following a thermal runaway event, and will be implemented from July 2026. We developed the first BPS chip in China in 2025 that met such new mandatory standard, according to the F&S report.

wBMS SoCs

Drawing from our deep expertise in BMS SoCs, we are pioneering the development of SoCs based on wireless battery monitoring system, or wBMS technology—a future-facing architecture with the potential to redefine battery monitoring systems. wBMS SoCs offer transformational benefits by significantly enhancing battery cell monitoring reliability and precision, streamlining battery pack assembly, reducing wiring complexity and overall cost, and driving battery system intelligence. Specifically, compared with traditional wired BMS solutions, wBMS SoCs eliminate bulky wiring harnesses and enables modular pack design to achieve overall production cost savings. They also offer critical value by improving connection reliability and mitigating mechanical failure, minimizing peripheral component costs, and enhancing the maintainability of battery packs (e.g., in energy storage systems, battery packs can be swapped in and out rather than plug in and out wiring harnesses). By virtue of the unique benefits offered by wBMS SoCs, the market for wBMS SoCs is projected for long-term growth, with global revenue increasing from RMB0.1 billion in 2026 to RMB20.7 billion by 2030, at a CAGR of 270.2%, according to the F&S report. We began to generate revenue in connection with our wBMS SoCs in 2025. Our wBMS SoCs had entered into front-end validation and were in the process of obtaining formal designation from leading cell and battery manufacturers in China as of the Latest Practicable Date.

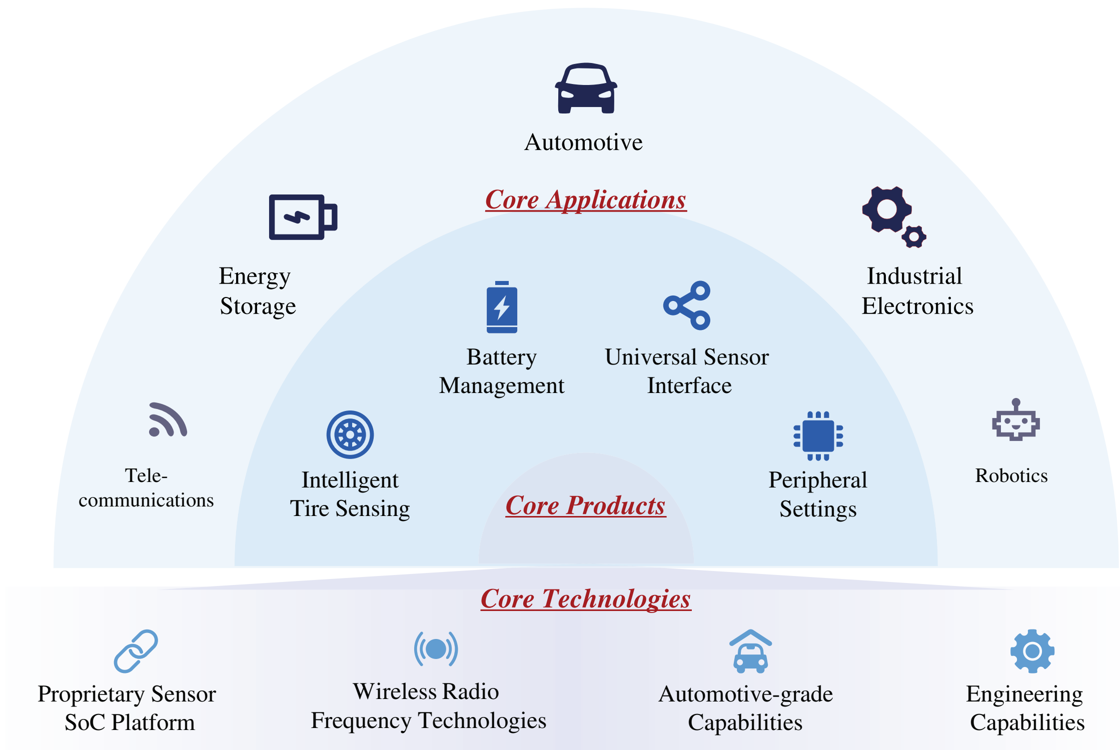
USI SoCs

We achieved the mass production of our USI SoCs in 2021, which has enabled us to diversify the application scenarios of our products. USI SoCs are characterized by applications in a wide range of sensors such as air conditioning pressure sensor, intelligent chassis brake pressure sensor and vehicle acceleration sensor. We identified that the USI SoCs address critical demands, e.g., (1) the replacement of legacy components of traditional internal combustion engine vehicles, such as TMAP sensors for intake manifold pressure, engine oil pressure sensors, and transmission pressure sensors; and (2) emerging applications in NEVs, including sensors for air conditioning systems, and for monitoring pressure, temperature and humidity and intelligent chassis pressure.

OUR TECHNOLOGY FOUNDATION

Our technological capabilities are the cornerstone for our value proposition. Since our inception, we have established a proprietary sensor SoC platform that integrates sensing, processing and wireless transmission capabilities, coupled with wireless radio frequency technologies, automotive-grade SoC capabilities and engineering capabilities, which together form our technology foundation.

The following diagram illustrates how our technology foundation empowers us to innovate new products and serve downstream sectors.



Proprietary Sensor SoC Platform

Characterized by high modularity and scalability, our proprietary sensor SoC platform empowers the design and development of SoC products with functions and parameters customized for the diverse requirements of various terminals. Our sensor SoC platform covers the essential functional blocks of a sensor SoC system, including signal sensing (i.e., through MEMS interface circuit), signal processing (i.e., through ADC and MCU), and wireless communication (i.e., through auto wireless circuit). By selecting, combining, configuring and optimizing these circuits, we can efficiently develop sensor SoCs to address the needs of different application scenarios.

Our key technological breakthrough lies in our ability to effectively integrate wireless communication circuits with other functional blocks on a single SoC. Unlike traditional sensor chips, which typically only integrate sensing circuitry, our sensor SoC platform consolidates sensing, processing and wireless communication into a single-chip SoC. This innovation offers critical advantages: (1) high level of integration and enhanced reliability, resulting in cost savings in customer adoption; (2) flexible signal processing capabilities adaptable to various scenarios; and (3) wireless data transmission that eliminates wiring complexity, mitigates harness-related reliability risks and simplifies assembly efforts.

Wireless Radio Frequency Technologies

We have developed advanced wireless radio frequency technologies that position us as a pioneer in the wireless transition of sensor chips. We possess an extensive patent portfolio in automotive-grade wireless communication, and we are one of the few Chinese fabless companies with in-house automotive-grade radio frequency capabilities, according to the F&S report. These technologies enable us to effectively serve automotive-grade wireless communication environment.

Automotive-grade Capabilities

We possess industry-leading capabilities that meet the stringent standards of automotive-grade applications. We have established a robust automotive-grade technology development architecture, complemented by a systematic development process and a strong R&D team. As a result of our robust automotive-grade R&D foundation, our products satisfy the key requirements for automotive-grade chips, such as precision reliability, functional safety, diagnostics, redundancy and harsh-in-vehicle environment EMC, among others. We have also established a robust, full-cycle quality control mechanism that complies with major global standards as the backbone of our automotive-grade capabilities.

Engineering Capabilities

Complementary to our automotive-grade capabilities, we have developed robust engineering capabilities to ensure that our products meet the rigorous automotive performance and reliability standards, all the way until mass production. We have accumulated in-depth expertise in simulation, packaging design, test calibration planning, reliability analysis and failure rate prediction, among others. These engineering capabilities also enable us to design and continually improve our products in a systematic manner.

OUR COMMERCIALIZATION AND FINANCIAL ACHIEVEMENTS

We have steadily advanced our ability to translate our innovation-led value proposition and strong technology capabilities into commercial success, resulting in a strong track record of commercialization. As of June 30, 2025, the cumulative shipment volume of our automotive sensor SoCs reached 164.3 million units and our wireless sensor SoCs had been installed in more than 40 vehicle models.

According to the F&S report (as to market information):

- We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024.

- We are the first supplier in China that had achieved mass production of TPMS SoCs and BLE TPMS SoCs and also the first and the only supplier of TPMS SoCs and BLE TPMS SoCs for automotive OEMs in China. We ranked No.3 globally and No.1 in China in terms of the revenue from TPMS SoC products in 2024.

- We are the first company that launched BPS SoC globally. We ranked No.1 globally in terms of the revenue from BPS SoC products in 2024.

- We are the first and currently the only company in China with automotive-grade wBMS capabilities.

- Our products have been adopted by all of the top 10 domestic automotive OEMs in China in terms of sales volume in 2024.

Our commercial success is underpinned by our unparalleled experience in automotive-grade mass production. Automotive-grade mass production ability is a key benchmark in evaluating the fulfillment capabilities of sensor chip providers, as automotive applications impose rigorous requirements on performance, reliability and compatibility, and require extensive testing and validation by automotive OEMs. According to the F&S report, it typically takes 3.5 to 5.5 years for automotive-grade chips to undergo the procedures from design commencement to mass production. Our early-established and mature automotive-grade mass production capabilities defend our competitive advantages, accelerate our go-to-market execution, and provide steadfast support for efficient commercialization that precedes our peers.

We achieved robust growth and continually improved gross profit margin during the Track Record Period. Our total revenue increased from RMB103.8 million for 2022 to RMB223.5 million for 2023 and further to RMB347.5 million for 2024, at a CAGR of 83.0%. Our total revenue increased by 27.1% from RMB123.4 million for the six months ended June 30, 2024 to RMB156.8 million for the six months ended June 30, 2025. In 2022, 2023 and 2024, our key customer retention rate was 92.3%, 97.6% and 93.8%, respectively, and the net dollar retention rate of key customers was 113.0%, 231.3% and 159.0% for the same periods, respectively. Our gross profit margin increased from 15.4% in 2022 to 16.6% in 2023 and further to 20.3% in 2024 and 27.1% in the six months ended June 30, 2025.

OUR COMPETITIVE STRENGTHS

Leader and Pioneer of Wireless Sensor SoCs, Spearheading the High-barrier, Mission-critical Automotive Sensor Chip Market

We are a global leader and pioneer in wireless sensor SoCs. In terms of revenue in 2024, we are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China, according to the F&S report. We are at the forefront of automotive-grade sensor chip industry, characterized by high technical requirements, quality standards and commercialization barriers. Our wireless sensor SoCs have achieved crucial leadership, first-mover advantage and defining uniqueness in this mission-critical market in multiple aspects. According to the F&S report (as to market information):

- ***Intelligent tire sensing SoC***. We are the first supplier in China that had achieved mass production of TPMS SoCs and BLE TPMS SoCs. We are the first and the only supplier of TPMS SoCs and BLE TPMS SoCs for automotive OEMs in China. We ranked No.3 globally and No.1 in China in terms of the revenue from TPMS SoC products in 2024. Our TPMS SoCs achieved a cumulative shipment volume of 74.5 million units as of June 30, 2025.

- ***BMS SoC***. We are the first company that launched BPS SoC globally. We ranked No.1 globally in terms of the revenue from BPS SoC products in 2024. We are a major BPS chip supplier for the No.1 EV and energy storage system ("ESS") battery provider globally. We are the first and currently the only company in China with automotive-grade wBMS capabilities. We also began to generate revenue in connection with our wBMS SoCs in 2025. As of the Latest Practicable Date, our wBMS SoCs had entered into front-end validation and were in the process of obtaining formal designation from leading cell and battery manufacturers in China. Leveraging our frontrunner position, we are well-positioned to capture the enormous opportunities in the fast-growing BMS SoC market, in particular the wBMS SoC market.

- ***USI SoC***. Our analog output USI SoCs have achieved large-scale automotive OEM-installed mass production, and we are also the only domestic provider with large-scale automotive OEM-installed mass production capabilities of digital output USI SoCs in China. Our USI SoCs support multi-channel sensor integration, and pressure sensors built with our USI SoCs have been validated by leading domestic steer-by-wire chassis manufacturers, representing the domestic breakthrough of localization for such category of sensors. In 2024, we ranked top two in China in terms of the shipment volume of automotive-grade pressure sensor conditioning chips, according to the F&S report.

Efficient and Adaptive Sensor SoC Platform Empowered by Full-stack Proprietary Technologies, Enabling Product Capabilities

We have curated an efficient and adaptive sensor SoC platform that constantly spearheads the advancements in automotive-grade sensor chips. Underpinned by our full-stack technologies and robust patent portfolio, our proprietary sensor SoC platform consolidates three core blocks, including signal sensing (i.e., through MEMS interface circuit), signal processing (i.e., through ADC and MCU), and wireless communication (i.e., through auto wireless circuit on a single chip), to address the diverse functional and performance specifications for various sensing conditions. This in turn enables the agile development of comprehensive product matrix and customized solutions at low cost. Built upon our proprietary sensor SoC platform, we have developed advanced wireless radio frequency technologies, automotive-grade SoC capabilities and engineering capabilities that enable us to design and realize the mass production of wireless automotive-grade SoCs in an efficient manner.

We enable automotive edge intelligence on a single chip with our signal sensing, signal processing and wireless communication capabilities. The three core blocks of our sensor SoC platform have the following primary strengths:

- ***Signal sensing—AFE sensing circuit***. Our AFE sensing circuits have features that enable them to achieve outstanding overall performance. Our AFE sensing circuits support multiple interface types and allow flexible configuration. They support interfaces such as resistive bridge sensors and capacitive sensors and address a variety of application scenarios, such as acceleration, pressure, and temperature sensing. Our AFE sensing circuits support both single-ended and differential operating modes, deliver excellent EMC performance, and are integrated with comprehensive diagnostic and redundant designs.

- ***Signal processing—ADC circuit***. Our ADC circuits are high-performance. Our ADC circuit portfolio covers resolutions of 12, 16 and 24-bit, with conversion rates ranging from 1 kHz to 1 MHz. Our ADC circuits adopt a proprietary dual-sampling quantization technology to reduce input noise and enable extended counting functionality, thereby enhancing input dynamic range and output quantization accuracy and maintaining low power consumption. Our ADC circuits are also integrated with comprehensive diagnostic and redundant designs, and are broadly adaptable to a wide range of automotive-grade and industrial-grade wireless sensing applications.

- ***Wireless communication—automotive wireless sensing circuit***. We possess comprehensive technical know-how and a robust patent portfolio in high-performance automotive-grade wireless sensing circuits:

  (1) Our communication protocols for in-vehicle wireless transceiver systems achieve low latency and stable access for up to 256 nodes simultaneously, leveraging technologies such as frame sampling structures embedded with high-frequency signals and multi-time-slot structure.

  (2) The architecture design of our in-vehicle wireless radio frequency circuits reduces transmission loss and channel collisions, improves system robustness and sensitivity and enhances communication reliability and stability.

  (3) We have invented key circuits and blocks underlying our design of in-vehicle wireless radio frequency circuits. These circuits and blocks enable us to reduce latency and power consumption, extend our product lifespan, enhance system reliability and robustness and lower testing costs. For details of our underlying key patent portfolio, see "—Intellectual Property Rights."

Customer-centric Development, Fostering Synergistic Partnerships and Strong Customer Base

Leveraging our market leadership and technology advantages, we continue to accomplish innovations with novel product features and functions through intensive collaborations with our customers. This allows us to redefine products, satisfy and even anticipate most advanced customer demand and set industry benchmarks. Through high-frequency and enduring technology exchanges, we gain deep insights into downstream application scenarios and trends, building a virtuous end-to-end commercialization cycle—from R&D and production to sales—and fostering resilient and engaged partnerships. For instance, leveraging our profound exchanges with a customer, we developed the first BPS chip in China that met the Safety Requirements for Power Batteries for Electric Vehicles (GB 38031-2025) (電動汽車用動力蓄電池安全要求), according to the F&S report. GB 38031-2025 was commonly known as the strictest battery safety order in history, which mandates that power batteries must not ignite or explode for at least two hours following a thermal runaway event, and imposes more stringent requirements on BPS chips. We are also co-developing an intelligent TPMS chip product customized for the autonomous driving environment with the No.1 TPMS module supplier in China according to the F&S report, which, in addition to the basic pressure and temperature monitoring functions of TPMS chips, can adapt to the appropriate manual driving or autonomous driving mode under varying conditions and empower real-time vehicle safety assessment.

Our synergistic partnership with customers has enabled us to accumulate extensive experience in automotive-grade chip design and mass production, and in turn contributes to our strong customer base. We have established ourselves as a trusted brand of choice among domestic automotive-grade wireless SoC providers, well-acknowledged for our product performance, comprehensive technical support and rapid responsiveness. We have cultivated a high profile customer base by serving a number of industry leading automotive OEMs and their Tier 1 suppliers. Our products have been adopted by all of the top 10 domestic automotive OEMs in China in terms of sales volume in 2024, according to the F&S report. The average length of our collaborations with our top five customers in 2024 was approximately five years, demonstrating our strong relationship with them despite our short commercialization history. In 2022, 2023 and 2024, our key customer retention rate was 92.3%, 97.6% and 93.8%, respectively, and the net dollar retention rate of key customers was 113.0%, 231.3% and 159.0% for the same periods, respectively.

Extensive Supply Chain Coordination Experience and High-quality Fulfillment Capabilities, Empowering Proven Record of Large-scale Delivery

We have built up critical competitive barriers with our deep-rooted experience in coordinating supply chain activities and resources, which were accumulated through our R&D in automotive-grade chips and extensive collaborations with suppliers including foundries, and packaging and testing service providers. We have established decade-long collaborations with a number of leading foundries, and packaging and testing service providers with rich experience in automotive-grade products, to ensure the integrity and stability of our supply chain, which are pivotal to our proven record of mass production and successful delivery. As of June 30, 2025, the cumulative shipment volume of our automotive sensor SoCs reached 164.3 million units.

As a fabless company, we leverage from our deep know-how in the supply chain to achieve production reliability, quality assurance and cost competitiveness, driving sustainable operational excellence. For instance:

- Our chip design team and packaging/calibration engineering team have extensive experience in the packaging design and validation of automotive-grade chips. They work closely with the technical teams of packaging service providers, providing guidance and support throughout the design and development process, jointly overcoming a number of technical challenges in advanced packaging. As our chips operate in environments characterized by high temperature, humidity and corrosive exposure—conditions which pose significant challenges to packaging, we conduct extensive validation with packaging service providers across different packaging materials and process combinations. This enables us to resolve key pain points in chip manufacturing, including material moisture absorption and deformation, packaging stress deviation, waterproofing and corrosion resistance and package sealing integrity.

- To enhance supply chain flexibility and reduce production costs, we conduct independent development and continuously upgrade calibration and testing equipment for sensor chips. Our chips undergo a dedicated calibration process during mass production, for which the procedures and parameters must be highly customized based on the specific characteristics of each product. Through three generations of upgrades and optimization, our automated calibration equipment has achieved industry leadership in quality control, production yield and throughput and lowered the mass production cost of calibration process by approximately 70%. Such accumulation in calibration and testing processes has enabled us to achieve greater flexibility across our supply chain and improve cost efficiency in the mass production of chips.

We stand up to the most rigorous requirements on product reliability, quality and safety of automotive-grade chips. We have established a quality control system aligned with automotive-grade standards covering each stage of the product lifecycle, and implement rigorous quality management throughout the entire process throughout R&D to production. This includes cross-functional coordination, automotive-grade product design and development, production process control, reliability qualification in compliance with AEC-Q standards, and more stringent reliability testing protocols specific to automotive-grade products. In particular, we have developed and implemented a full-cycle defect planning and management process that spans from initial product design (i.e., "design-for-test," in which we incorporate defect testing procedures at the early design stage) to various subsequent validation procedures, which complies with AEC-Q004 (Automotive Zero Defects Framework). By virtue of our rigorous quality management and defect control, we achieved an ultra-low PPM of 3, significantly outperforming the industry average of 10 PPM, according to the F&S report. Our quality control has received a number of key certifications, including ISO 9001 standard for quality management systems, ISO 26262 ASIL D for road vehicles functional safety and ISO 14001 for environmental management systems. Through the four-pronged approach of reliability-oriented design, comprehensive reliability validation, high-coverage production testing and stringent supplier management, we ensure the reliability of our products.

Our dedication to reliability has won recognition and trust from our customers. For example, we were awarded the Technology Contribution Award by Ampron and serve as a major supplier of BPS SoCs for the No.1 EV and ESS battery provider globally and BLE TPMS SoCs for the No.1 TPMS module supplier in China according to the F&S report.

Expanding Applications in In-vehicle Sensing and Natural Extension to Adjacent Fields to Seize Broader Commercialization Opportunities

Benefiting from our SoC platform capabilities and synergistic partnership with top tier customers, especially with respect to automotive-grade products, we believe that we are well-positioned to extend the boundaries of in-vehicle sensing capabilities and create more value for in-vehicle application scenarios. We have constructed and continued to enrich the applications of our products in various in-vehicle sensing settings, including power management, battery pack monitoring, transmission pressure detection, air conditioning system pressure sensing, suspension pressure sensing and ultrasonic sensing. This continuous expansion has significantly improved vehicle-level sensing capabilities.

We have laid a solid foundation for the wider adoption of wireless sensor SoCs across emerging application fields. Wireless sensor SoCs are the foundational next-gen sensing component in the intelligent era. With their compact form factor, low power consumption and high integration, wireless sensor SoCs can perform crucial functions in a wide range of industrial application scenarios. Our wBMS SoCs have already been deployed as engineering samples in energy storage settings. We are also jointly developing customized wBMS SoCs tailored for energy storage applications with a leading international energy storage BMS provider.

Seasoned and Visionary Management Team and Strategic Collaborations with Industry Shareholders, Supporting Sustained Innovation

We are an innovation-driven and market-oriented technology company. The sensor SoC industry is characterized by rapid iteration, a close alignment with evolving market dynamics and the need for sustained investment in technological and product innovation. Our growth has been strongly supported by our seasoned and visionary management team that consistently upholds our core values.

Our stable and dedicated management team, especially our core R&D team, possesses deep industry expertise and strategic foresight. They were early to identify the immense potential of wireless sensor SoCs and have firmly guided our strategic and technological trajectory since our inception. In particular, they bring direct, hands-on experience in the R&D and commercialization of wireless sensor SoC technologies, alongside a sophisticated understanding of relevant technologies and market dynamics, which they have infused into our long-term development. Our chairman of the Board, executive Director and chief executive officer, Dr. Li Mengxiong, brings in over 20 years of experience in IC design, R&D and management. He previously held key technical roles at international technology companies including OKI Techno Center (Singapore), SEQUANS Communications and SENSATA Technologies. Dr. Li is highly accomplished in the fields of automotive sensor chips, radio frequency communication and optoelectronic integration. He plays a pivotal role in shaping our overall technical roadmap and major innovation decisions, and was instrumental in laying the foundation for our BLE TPMS SoC and wBMS SoC products. Our core R&D team members have, on average, approximately 20 years of experience in the design and development of technologies essential to wireless sensor SoCs, especially for automotive-grade applications. They had held R&D roles at globally renowned technology companies including Alcatel, OKI Techno Center (Singapore), Qualcomm, Cadence and Goertek. Mr. Li Shuguang, our executive Director and vice president and a key R&D leader, has extensive expertise in high-precision, low-power signal conditioning, high-performance clock circuits, radio frequency front-end design and chip system integration. Our key R&D leader, Mr. Wen Li, has a strong technical foundation in automotive wireless sensing technologies and new energy vehicle battery system applications. Our key R&D leader, Dr. Chen Cheng, brings in two decades of deep research and architectural innovation experience in high-performance mixed-signal IC design, with a particular specialization in ADC technologies. Their combined insight and cohesive leadership underpins our innovation engine and positions us at the forefront of industry development.

Our early leadership has also attracted a number of renowned strategic industry investors, including pioneering industry players such as Geely SII, Baolong Automotive, Shangqi Capital SIIs and SANY, and further enabled the formation of strong collaborative partnerships. Their engagement brings us access to broader collaborative opportunities and resources.

OUR GROWTH STRATEGIES

Commit to Innovations to Seize Market Opportunities and Reinforce Technology Leadership

To reinforce our market leadership in wireless sensing SoCs, we plan to further increase our R&D investment and advance technology upgrades in the following areas:

- ***Higher integration.*** Integration enables the incorporation of various wireless sensing-related blocks and circuits into a single chip or chipset to achieve high performance, low power consumption and compact form factor. We will continue to enhance the level of integration of our products, enabling more efficient and miniaturized SoC solutions.

- ***Wireless.*** As automotive intelligence deepens, the number of in-vehicle sensors has been rapidly increasing, which makes traditional wiring harnesses fall short of the demands of modern vehicle E/E architectures. With the evolution of vehicle E/E architectures toward centralization, wireless sensing is becoming increasingly critical with its capability to reduce system complexity and improve flexibility. We will deepen our R&D efforts in wireless technologies, particularly in the enabling technologies for wireless BMS SoCs.

- ***SoC platform.*** Our SoC platform is the cornerstone of our innovation capabilities, which empowers the agile development of comprehensive product matrix and customized solutions at low cost. We expect to further enhance the scalability of our SoC platform to drive up the efficiency and outcome of our R&D. We plan to intensify our technical investment in key blocks of our SoC platform, such as the on-off keying ("OOK") for lower power consumption and high sensitivity, and energy harvesting circuits that reduces the power consumption requirement and design complexity for chips.

Advance Product Development to Expand Product Portfolio and Application Scenarios

Driven by our "Product-market Fit" principle, we will continue to upgrade and expand our product offerings in response to evolving market demand. We expect to focus on enhancing product coverage and broadening application scenarios across key and emerging verticals.

We intend to further invest in the development of our wBMS SoC products, to accelerate their commercialization progress. We believe that our single-cell wireless technology roadmap for this product has broad future potentials, due to its competitive advantages in reduced costs and complexity, among others. For details, see "Industry Overview—Overview of Global and China's Wireless Sensor SoC Industry." We expect to expedite our development efforts, including further developing wBMS SoC products for the energy storage sector, and wBMS SoC products for intelligent cells with more sensor interfaces and smarter EIS measurement techniques.

We will also further strengthen our intelligent tire sensing SoC product line. With the evolution of industry requirements, the role of TPMS has extended beyond pressure monitoring to encompass temperature, load and even tire burst detection. We will build on our ability to meet these new requirements. Currently, our latest generation of TPMS SoC is equipped with robust hardware support for high-performance tire burst detection, and leverages a dynamic low-power architecture with adjustable sampling frequency and trigger timing, ensuring timely and reliable burst monitoring. Going forward, we will continue to develop similar technologies for our intelligent tire sensing SoCs based on emerging market trends and further strengthen our product portfolio.

We have initiated strategic development of sensor SoCs tailored for robotics applications, such as our eddy current position sensor SoC. This USI SoC enables high-precision sensing even in environments with strong EMI and harsh conditions, which is suitable in a wide range of applications, including robotic joints, eVTOL propulsion motors, new energy vehicle power systems and chassis systems. We also plan to develop USI SoCs tailored for humanoid robots. In areas such as foot assembly and six-axis force of humanoid robots, our USI SoCs can calibrate the consistency and temperature drift of force or torque sensor outputs, thereby enhancing signal quality and simplifying sensor control algorithms. We will continue to invest in the development of these sensor SoCs, as well as other sensor SoCs with broad applicability in robotic systems.

We expect to further penetrate the application of our products into energy storage and industrial electronics scenarios of clear demand. We plan to promote the application of our wBMS SoCs in energy storage scenarios, battery swap infrastructure and scooters, where the demand for high system flexibility and scalability is best addressed by wireless solutions. We also plan to expand the application of our USI SoCs to the commercial air conditioning sector. When integrated with pressure sensors, our USI SoCs enable real-time monitoring of pressure variations in refrigerant pipelines, contributing to energy efficiency and enhanced system safety.

Reinforce Collaborations with Our Blue-chip Customers and Expand Our Customer Base

We will remain committed to our customer-centric innovation approach. We aim to deepen partnerships with our existing blue-chip customers, such as leading automotive OEMs and Tier 1 suppliers, while expanding our customer base to capture additional growth opportunities.

We plan to continuously conduct in-depth market research and maintain close communication with customers to analyze and assess the cooperation status of both existing and potential customers. This will help us gain deeper insights into their evolving needs and guide product and service upgrades accordingly.

Leveraging our existing resources and established customer relationships, we intend to engage in deeper collaboration across joint development, validation and testing processes. These efforts will support efficient product upgrades and strengthen long-term customer engagement.

We plan to pursue an industry-focused customer expansion strategy. In the automotive sector, we will capitalize on our technological advantages to further develop relationships with premium automotive OEMs and Tier 1 suppliers. Simultaneously, we aim to identify and engage high-quality customers in adjacent markets such as energy storage and industrial electronics.

Pursue Overseas Expansion and Enhance Global Influence

To accelerate the implementation of our global development strategy, we plan to further expand our international presence and increase our investment in overseas expansion initiatives. We plan to cultivate our overseas customer base and devote greater R&D and sales resources to support such growth. Specifically, we intend to deepen our cooperation with existing partners to penetrate overseas markets, leveraging our collaborative relationship to jointly explore global opportunities. We also plan to actively explore new cooperation opportunities with high-potential customers in overseas markets, such as premium players in Europe's automotive market.

We will promote the adoption of our sensor SoCs in overseas markets with prominent demand, such as countries with strong automotive sectors. We intend to establish our global sales operations through product and sales teams focused on selected overseas markets, such as Europe and Southeast Asia, with a wealth of potential customer resources. These dedicated teams will identify the needs of leading automotive OEMs and Tier 1 suppliers, promote our product offerings, secure project designations and facilitate our supplier qualification process. Through these endeavors, we aim to strengthen customer engagement and strengthen international brand presence.

Driven by our "Product-market Fit" principle, we also plan to build up our global R&D capabilities to improve localization and customized development and implement more efficient R&D strategies in relevant local markets. As our sensor SoC products are deployed in the products of our downstream customers and closely associated with the local industry standards, we intend to establish overseas R&D centers in Europe and Southeast Asia to support development tailored to local requirements. The R&D outcomes at global branches will be aggregated at the group level to enrich our proprietary technology stack and strengthen our SoC platform, thereby empowering globalized product innovation.

To empower a resilient and supportive supply chain that satisfies the needs of our overseas sales expansion, we plan to diversify our supply chain to improve delivery and service capabilities for overseas customers. These facilities will enhance the flexibility and responsiveness of our supply chain to accommodate the demand of international customers.

We intend to selectively pursue strategic alliance, investment and acquisition opportunities to strengthen our competitiveness. We will evaluate and execute alliance, investment and acquisition opportunities that complement our product portfolio and technology stack (e.g., Chinese and overseas targets that provide synergies in automotive-grade wireless sensor chips), help us penetrate high-growing sectors, add new capabilities and enhance our growth potentials. We expect that our investments may take on multiple appropriate forms, including equity investments and acquisition of assets and teams. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets.

Build A Robust Talent Pipeline to Sustain Innovation and Growth

We believe that talent is the foundation of our core competitiveness and long-term development. We place strong emphasis on building a robust talent pipeline and organizational depth. To this end, we will continue to attract global talents through compelling incentive mechanisms and an open, collaborative corporate culture. We also plan to deepen our partnerships with universities and research institutions to cultivate a strong reserve of high-caliber professionals. Additionally, we aim to enhance our internal talent development systems to construct a well-structured, multi-level talent ladder.

We intend to scale up our tiered training programs, including (1) *Starter's Program* (晨芯計劃), targeting new graduates and recent hires to accelerate onboarding and early growth; (2) *Pillar's Program* (銳芯計劃), empowering technical professionals with access to advanced resources to enhance their capabilities; and (3) *Leader's Program* (領芯計劃), focused on equipping mid- to senior-level managers with broader strategic perspectives and leadership training. To further industry-academia collaboration, we intend to establish co-training programs with leading universities in China to enhance our employer branding and talent acquisition. We also plan to further enhance incentive schemes for core employees to boost motivation and retention. We will strengthen diverse employee engagement initiatives and promote an energetic workplace culture to foster greater cohesion.

As an extension of our globalization strategy, we plan to recruit local professionals in Europe to support our regional technical services and market expansion. Through the establishment of a European talent and R&D hub, we aim to drive breakthroughs in core chip technologies and provide localized support to global customers. This initiative will also enhance our international competitiveness, enhance our integration into the global automotive electronics ecosystem and strengthen our brand recognition and influence in overseas markets.

OUR PRODUCTS

Overview

We are a global leader and pioneer in wireless sensor SoCs, dedicated to providing innovative sensor chips. Sensor SoCs play critical roles in detecting specific physical properties (such as voltage, current, impedance, temperature, pressure, motion or chemical presence) and converting them into electrical signals for processing and measurement. Since our inception, we have been committed to the R&D and provision of sensor SoCs, with a heightened focus on wireless sensor SoCs. We believe that wireless sensor SoCs define the future of sensor SoCs, in particular in in-vehicle environment, energy storage settings and industrial electronics settings driven by its advantages in high integration, better performance, lower power consumption and more rigorous safety standards.

Driven by our relentless efforts into innovations and our profound industry knowhow, we have curated a robust product portfolio and further extend and deepen our product pipeline. We currently offer a comprehensive portfolio of sensor SoCs, primarily including (1) intelligent tire sensing SoCs; (2) BMS SoCs; (3) USI SoCs; and (4) others, including primarily USS SoCs.

The following table sets forth a breakdown of our revenue by product type for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Intelligent tire sensing SoCs	41,460	39.9	86,157	38.6	208,587	60.0	77,344	62.7	91,242	58.2
BMS SoCs	18,781	18.1	46,912	21.0	42,739	12.3	11,759	9.5	24,645	15.7
USI SoCs	40,182	38.7	85,569	38.3	89,120	25.6	31,215	25.3	39,465	25.2
Others[(1)]	3,377	3.3	4,845	2.1	7,094	2.1	3,041	2.5	1,460	0.9
Total	**103,800**	**100.0**	**223,483**	**100.0**	**347,540**	**100.0**	**123,359**	**100.0**	**156,812**	**100.0**

(1) Others primarily include USS SoCs and other products and services ancillary to our provision of SoCs.

The following table sets forth a breakdown of our revenue by wireless feature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Wireless sensor SoCs[(1)]	41,460	39.9	86,157	38.6	208,587	60.0	77,344	62.7	92,185	58.8
Wired sensor SoCs[(2)]	60,567	58.3	136,883	61.2	137,272	39.5	45,042	36.5	64,387	41.1
Others[(3)]	1,773	1.8	443	0.2	1,681	0.5	973	0.8	240	0.1
Total	**103,800**	**100.0**	**223,483**	**100.0**	**347,540**	**100.0**	**123,359**	**100.0**	**156,812**	**100.0**

(1) Wireless sensor SoCs refer to our TPMS SoC products from 2022 to 2024. We began to generate revenue in connection with our wBMS SoCs in 2025.

(2) Wired sensor SoCs primarily include BMS SoCs and USI SoCs.

(3) Others primarily include products, services and wafer materials sold that were ancillary to our provision of SoCs.

The following table sets forth a breakdown of our sales volume for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(Unit in thousands)				
Intelligent tire sensing SoCs	6,648	12,446	32,452	11,876	14,165
BMS SoCs	1,005	1,811	2,360	707	1,407
USI SoCs	161,097	293,835	265,705	100,876	147,753

Our Product Portfolio

Intelligent tire sensing SoCs

Intelligent tire sensing SoCs are the core component of the sensor for each tire. They continuously monitor critical parameters such as tire pressure, temperature, voltage and current in both driving and stationary conditions, and transmit such data wirelessly via radio frequency to the vehicle's control unit, where it is displayed on the dashboard. When tire pressure loss or fluctuations exceed defined safety thresholds, the system triggers a timely alert to ensure driving safety.

Our intelligent tire sensing SoCs sold during the Track Record Period primarily consisted of TPMS SoCs, which are wireless in nature. Our TPMS SoCs have the following principal features:

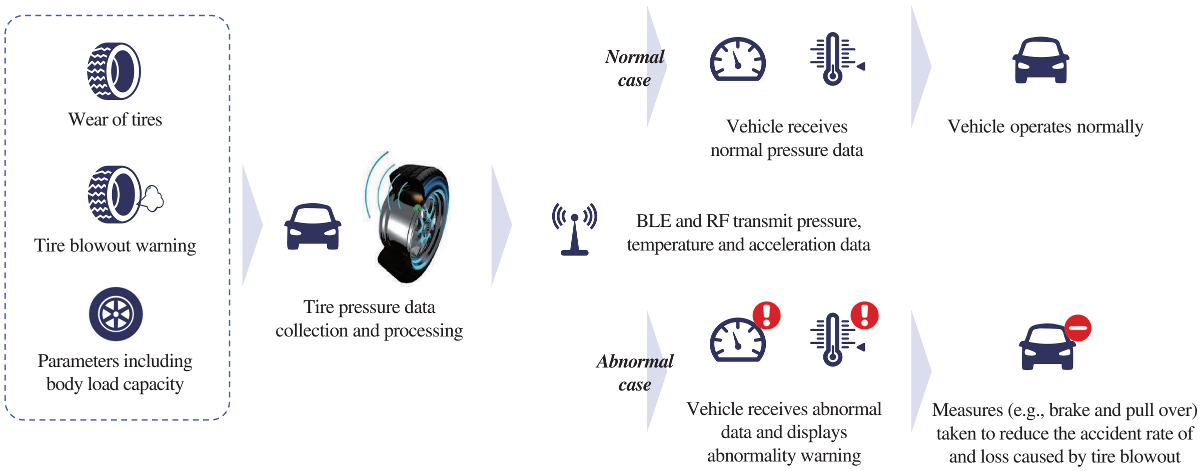
- *Ultra-low power consumption*. Our industry-leading ultra-low power design enables sensors to operate for up to 10 years even on compact coin cell batteries, ensuring long-term reliability with minimal power requirements.

- *High integration*. Our highly integrated chip architecture minimizes the number of external components required for sensor solutions, significantly reducing overall bill of materials ("BOM") cost and saving valuable PCB space.

- *Compact package design*. Our chips are available in small-footprint packages, facilitating the miniaturization of sensor modules and enabling greater design flexibility.

- *Comprehensive product portfolio*. We offer a full range of wireless radio frequency options, including traditional 315/433 MHz series 2.4 GHz Bluetooth series, and low frequency ("LF") 125 kHz series, as well as pressure ranges that cover both passenger and commercial vehicle applications.

The following picture demonstrates how our BLE TPMS SoCs function within vehicles.



BMS SoCs

Our BMS SoCs perform critical functions to ensure the safe, efficient and reliable operation of rechargeable battery packs, such as those used in EVs and energy storage settings. Typically through AFE sensing, BMS SoCs monitors cell voltage, temperature and current, enabling real-time evaluation of state-of-charge ("SOC"), state-of-function ("SOF") and state-of-health ("SOH"). Our BMS SoCs have the following critical functions:

- *Ensure operational safety and efficiency*. BMS SoCs accurately measures the voltage, temperature and impedance of individual battery cells to ensure they operate within safe parameters and to maintain overall battery efficiency.

- *Enable precise health monitoring*. BMS SoCs monitor each battery cell independently to assess battery health, enabling effective cell balancing mechanisms and preventing overcharging or deep discharging of individual cells.

- *Support regulatory compliance*. BMS SoCs provide essential data required to meet regulatory requirements, including information necessary for the digital battery passport.

Our BMS SoCs currently primarily include BPS SoCs, and, to a lesser extent, BAS SoCs.

- Our BPS SoC is a pressure sensor chip applied in BMS systems, featuring air pressure detection and reverse-trigger alert functionalities. It can promptly detect abnormal internal pressure changes in the battery pack in the event of thermal runaway, rapidly wake the BMS from sleep mode into active mode and initiate subsequent protective actions such as high-voltage disconnection and accelerated cooling. Our BPS SoC adopts an MCU-based architecture and embeds multiple thermal runaway detection algorithms in firmware, along with configurable alarm threshold. Our BPS SoC has been deployed in BMS systems for both ternary lithium and lithium iron phosphate batteries.

- Our BAS SoC is also designed for thermal runaway detection within battery packs and connects to the BMS system via wiring harnesses. During thermal runaway of lithium batteries, dense smoke is generated, causing infrared light to scatter. BAS SoC determines smoke concentration by measuring the scattered light intensity, enabling early detection of thermal runaway events.

Our BPS SoCs have the following principal features:

- *Wider pressure tolerance range*. With a pressure tolerance range from 40 to 260 kPa, our BPS SoC is capable of operating under a broader pressure range during thermal runaway events, enhancing safety and adaptability.

- *Comprehensive alarm strategies*. Equipped with both Δ-pressure alarms and pressure gradient alarms, our BPS SoC enables more comprehensive early-warning mechanisms.

- *High pressure resolution and precision.* Our BPS SoC has a high pressure resolution of 0.1 kPa. It also has lower errors across the entire operating temperature range, enabling timely, reliable thermal runaway detection.

- *Automotive-grade thermal endurance*. With a working temperature from -40 to 125°C, our BPS SoC is designed to meet AEC-Q100 Grade 1 standard, operating reliably within an extended temperature range suitable for thermal runaway monitoring.

wBMS SoCs

We have strategically invested into the development of wBMS SoCs since 2022. We and our founding team have accumulated years of technical expertise in front-end sampling chips for BMS, particularly in wireless BMS sampling chips. Our founding team had conducted early-stage research into wireless BMS chip technologies through their application in energy storage scenarios. With the rapid development of EVs, battery cells have become one of the most critical components of vehicle architecture. Our continued exploration of wireless BMS SoCs can play a vital role in enabling full-lifecycle monitoring and management of power batteries, covering aspects such as capacity, lifespan, safety, diagnostics and recycling. Such initiative also aligns with the ongoing trend in battery systems toward higher energy density, larger formats and enhanced reliability.

We have been sharply focused on the technology roadmap of single-cell wireless chip, strategically prioritizing the development of AFE chip, which is the voltage and temperature sensing front-end most closely integrated with the battery cells in a wBMS. Our technology roadmap has the following advantages as compared with multi-cell distributed wireless solution and traditional wired solution, according to the F&S report.

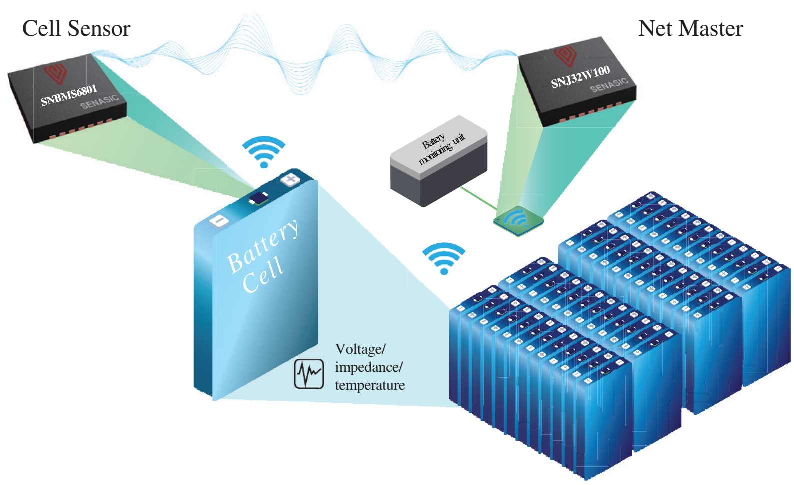
Comparison of Multi-Channel Sampling and Single-Channel Sampling

Comparison Dimension	Multi-Cell Mode (Multi-Channel Sampling)	Single-Cell Mode (Single-Channel Sampling)
Costs ***(based on post mass-production)***	Relatively higher overall system cost than single-channel sampling	Higher integration, potential for lower system cost
Assembly Complexity	Requires certain manual operations of connector and wiring	Enables full-automation assembly, improving consistency and efficiency
Sensor Fusion Capability	Difficult to support multi-sensor integration	Multi-sensor integration in a single chip, easier sensor fusion, enabling better sensing accuracy
Lifecycle Management	Challenges tracking battery cell status across full lifecycle	Better lifecycle management, cell status is traceable across all stages

Comparison of Wired BMS and wBMS Sensor Chips

Comparison Dimension	Wired BMS Sensor Chips	wBMS Sensor Chips
Traceability	Unable to realize lifecycle traceability of the battery cell	Enhancing lifecycle traceability and safety
Wiring and Layout Complexity	Relies on large amounts of wiring, complex layout and high production process requirements	Significantly simplifies wiring and connections, reducing layout complexity and failure rate
Manufacturing Process and Costs	Requires high-voltage process, higher system cost	Uses low-voltage wafer process, simplified assembly, lower system costs
Sampling Method	Serial sampling, asynchronous voltage data	Supports synchronous sampling, improves SoC accuracy
Reliability & Scalability	Complex system, limited reliability and scalability	Modular design, simplified architecture, better scalability and ease of maintenance

The following picture provides an illustration of our wBMS SoC.



USI SoC

USI chip is a universal, fully integrated sensor interface chip. USI chip is capable of providing signal amplification, calibration and temperature compensation for virtually all types of ceramic capacitive and resistive bridge sensors.

The following table illustrates the details of our USI SoCs.

Product	Major functions and features	Major application scenarios
Ceramic capacitive sensor SoC	Our ceramic capacitive sensor SoC integrates multiple functions, including capacitive conversion, signal amplification, filtering, ADC sampling, sensor calibration, temperature compensation and output processing. Leveraging its comprehensive integration, reliability and cost-effectiveness, it is widely used as the core component for automotive ceramic capacitive sensors.	• Automotive air conditioning pressure sensor • Automotive thermal management temperature and humidity sensor • Transmission oil pressure sensor
Resistive bridge sensor SoC	Our resistive bridge sensor SoC amplifies signals from resistive bridge sensors and performs specific calibration. It digitally compensates for signal offset, sensitivity drift, temperature drift and nonlinearity. With built-in power protection, wide operating temperature support, excellent EMC and robust diagnostic capabilities, it is widely deployed across diverse applications.	• Fuel vapor pressure sensor • Intake manifold pressure sensor • Commercial air conditioning pressure sensor • Robot foot assembly (under development • Robot six-axis force sensor (under development)
Temperature and humidity capacitive sensor SoC	Our temperature and humidity capacitive sensor SoC is a low-power, high-precision signal processing and control solution designed for small capacitive sensors. It supports single, differential and full-bridge capacitance modes, and includes a highly linear integrated temperature sensor. This SoC is widely used as the core component in temperature and humidity sensing applications.	• Temperature and humidity sensor for automotive anti-fog • Temperature and humidity sensor for refrigerator anti-condensation control • Temperature and humidity sensor for battery (under development)
Eddy current position sensor .	Our eddy current position sensor module is a non-contact measurement device based on the principle of electromagnetic induction. It can accurately detect changes in the relative position between a metallic conductor and the probe.	• Rotor position sensor for permanent magnet synchronous motors

Product	Major functions and features	Major application scenarios
Operational amplifier	Our operational amplifiers offer a variety of models designed for a wide range of applications, including low-power general-purpose amplifiers, high-precision amplifiers and zero-drift amplifiers.	• ASIC input or output amplifiers • Sensor interfaces • Medical communication • Smoke detectors • Audio output • Piezoelectric transducer amplifiers • Medical equipment • Portable systems

USS SoCs

USS chips are designed to detect the distance, position and characteristics of obstacles by emitting and receiving ultrasonic signals to sense the surrounding environment. They enable a wide range of applications including intelligent driving systems, automatic parking systems, reversing assistance systems, blind spot detection and warning systems, fuel tank level monitoring, industrial distance measurement systems and obstacle detection systems for drones and robots.

Our USS SoCs are currently primarily adopted in automatic parking scenarios. Compared with commonly used automotive ranging sensors such as millimeter-wave radar and LiDAR, ultrasonic sensing powered by USS SoCs offers distinct advantages in low-speed, close-range scenarios, including lower system cost and minimal blind zones. Their superior near-field detection performance complements other ranging technologies and make them particularly well-suited for automatic parking applications.

Our USS SoCs have the following features and advantages.

- *Superior signal-to-noise ratio*. Our USS SoCs have superior signal-to-noise ratio, capable of detecting standard obstacles at a distance of up to five meters.

- *Single-chip design*. Our USS SoCs adopt a single-chip design, with simplified peripheral circuitry that facilitates compact sensor design.

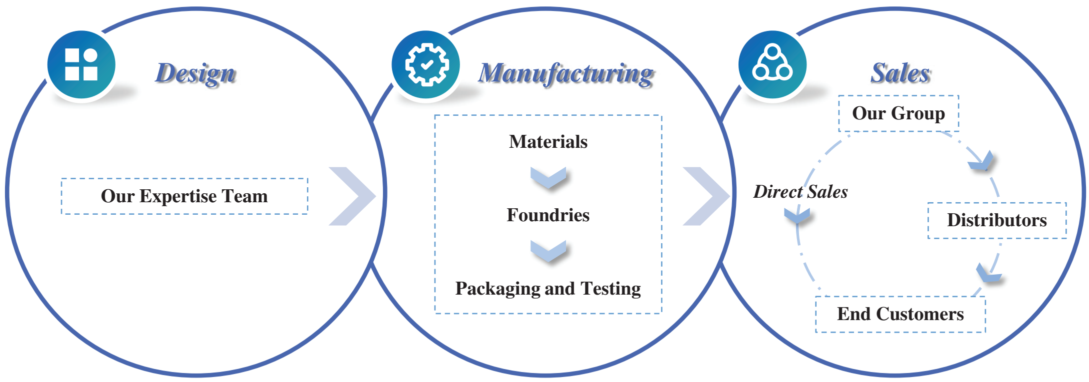
- *Transformer-free*. Our USS SoCs can be transformer-free, thereby reducing BOM costs and enabling miniaturization of the sensor.

OUR BUSINESS MODEL

We operate under the fabless model and focus on the design of SoCs. We outsource wafer fabrication and chip packaging and testing activities to third-party business partners. By concentrating our resources on product design and R&D processes, we can swiftly respond to evolving market demands and continuously innovate our product offerings. According to the F&S report, the fabless business model is consistent with the increasing trend of specialized division of labor within the semiconductor industry, allowing fabless companies to focus attention and resources on design and R&D.

We provide SoCs based on our proprietary design, as well as integrated solutions based on the specific demands of certain customers. For our integrated solutions, we leverage our deep industry know-how and collaborate closely with our customers to design and provide customized modules. This enables us to reinforce our relationship with key customers, stay abreast with the latest trends of downstream sectors and constantly upgrade and enhance our offerings.

The following diagram illustrates our fabless business model.



18C Designation and Commercialization

The table below sets forth a summary of how each of our products fall within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialist Technology Industry Acceptable Sector	Products
Advanced hardware and software—Semiconductors	Wireless sensor SoCs Wired sensor SoCs

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the above, each of our products falls within an acceptable sector of a Specialist Technology Industry, namely, Semiconductors under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules. Accordingly, we meet the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

We have adopted a transaction-based model. The following table sets forth the timeline of commercialization of each of our major product series.

Milestone	TPMS SoC	BMS SoC	USI SoC	USS SoC
Mass production	2018	2021	2021	2024
Commencement of revenue generation(1)	2017	2020(2)	2021	2024

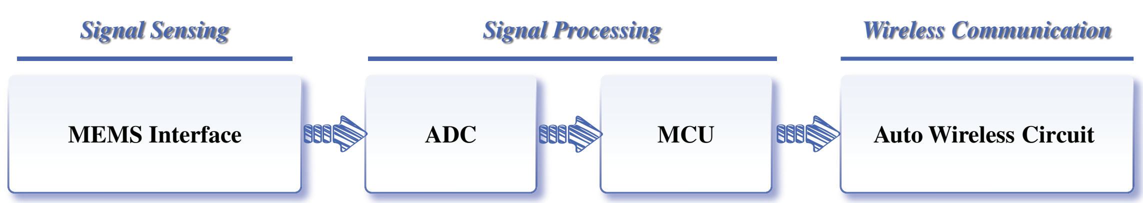
(1) We may recognize revenue from product sampling and small-scale production before proceeding into the mass production stage.

(2) We began to generate revenue in connection with our wBMS SoCs in 2025.

OUR TECHNOLOGIES

The semiconductor industry is characterized by rapid technological evolution and intense market competition. We must continuously launch new products while advancing manufacturing processes, necessitating sustained R&D investments to drive innovation and meet market demands efficiently. Since our inception, we have established a proprietary sensor SoC platform that integrates sensing, processing and wireless transmission capabilities, coupled with wireless radio frequency technologies, automotive-grade capabilities and engineering capabilities, which together form our technology foundation.

- ***Proprietary sensor SoC platform***. Our sensor SoC platform covers the essential functional blocks of a sensor SoC system, including signal sensing (i.e., through MEMS interface circuit), signal processing (i.e., through ADC and MCU) and wireless communication (i.e., through auto wireless circuit). By selecting, combining, configuring and optimizing these blocks, we can efficiently develop sensor SoCs to address the needs of different application scenarios. As environmental physical or chemical signals (e.g., pressure, temperature, humidity and acceleration) change, corresponding changes occur in the electrical characteristics (e.g., resistance or capacitance) of the MEMS. On our sensor SoC platform, the MEMS interface circuit senses these changes and converts them into analog signals in the form of current, voltage or frequency. Within the signal processing circuit, ADC converts analog signal to digital signal, to facilitate MCU to perform complex algorithm processing under various application scenarios. Finally, the auto wireless circuit transmits the processed outputs to external systems. The following diagram illustrates the key blocks of our proprietary sensor SoC platform.



- ***Wireless radio frequency technologies***. We have also developed advanced wireless radio frequency technologies. These technologies enable us to serve automotive-grade wireless communication environment by achieving wireless transmission reliability, anti-interference, wireless spectrum mask requirement, EMC environment, low latency, low power consumption and automotive-grade safety.

- ***Automotive-grade capabilities***. We possess industry leading capabilities that meet the stringent standards of automotive-grade applications. As a result of our robust automotive-grade R&D foundation, our products satisfy the key requirements for automotive-grade chips, such as precision reliability across the full automotive-grade temperature range from -40°C to 125°C, high-voltage reverse polarity protection, ASIL functional safety, unified diagnostics services ("UDS"), redundancy and harsh-in-vehicle environment EMC that provides anti-interference against variations in electromagnetic environment and interference across different frequencies. We have also established a robust, full-cycle quality control mechanism that complies with major global standards as the backbone of our automotive-grade capabilities.

- ***Engineering capabilities.*** We have accumulated in-depth expertise in simulation, packaging design, test calibration planning, reliability analysis and failure rate prediction, among others.

  ○ ***Chip calibration***. We have developed calibration systems tailored to our chip characteristics, including multiple advanced calibration algorithms and automated calibration equipment. These calibration systems significantly improve mass production efficiency, reduce production costs and enhance product quality.

  ○ ***Testing and verification***. We have built multiple testing systems based on product design and customer requirements, which form a testing platform with over 256 nodes. We also perform long-term reliability verification for multiple scenarios. Our testing platform can automatically collect the key parameters that we and our customers focus on, to provide crucial data inputs to improve product reliability.

  ○ ***System-level engineering capabilities***. We have independently developed the hardware, software and structural components of our products, which are capable of meeting the stringent functional and reliability requirements of our customers. We have also designed and built proprietary batch testing and calibration equipment, which enables the simultaneous testing and calibration of hundreds of channels, significantly improving production efficiency. We are supported by dedicated technical staff, who carry out testing and assembly in accordance with our SOPs in collaboration with leading industry suppliers, to ensure compliance with required specifications.

Based on our technology foundation, we have established core technologies in signal sensing, signal processing, wireless communication, SoC integration and calibration.

Signal sensing—pressure sensing technology

In tire pressure monitoring, our products adopt advanced techniques such as chopper stabilization, correlated double sampling and digital filtering to achieve low-noise performance. These technologies enable our sensor SoCs to detect extremely weak signals from pressure MEMS. The analog signals output by the pressure MEMS are amplified, filtered and then converted into digital signals. The ADC employs a multi-modal architecture that allows customers to flexibly configure measurement accuracy and conversion speed, thereby enabling targeted and efficient signal processing for a wide range of sensor applications. Our SoCs also integrate multiple digital filters that improve signal-to-noise ratio, and calibration algorithms that compensate for the nonlinearity and temperature drift of the MEMS pressure sensors. In addition, our SoCs incorporate robust diagnostic functions that provide accurate fault codes in case of malfunction, reducing the risk of failure. These features not only ensure high-precision pressure measurement but also enhance the reliability and stability of the product in automotive-grade applications.

Signal processing—sensor signal processing and calibration technology

Sensor signal processing and calibration technology is a core competence in the development of our USIs.

Our signal processing technology supports offset compensation at the input stage, preventing signal saturation upon amplification caused by intrinsic sensor offset. This allows us to accommodate sensors with signal ranges much smaller than their intrinsic offsets and achieve high-resolution measurement results. Notably, the technology supports synchronous access and independent processing of multiple sensor signals, enabling customers to develop specialized sensor applications.

We have developed a range of signal calibration modes and algorithms to achieve high-precision compensation across various sensor types. We also build and optimize our algorithms for different sensors and integrate auxiliary circuits within the SoC to minimize calibration complexity caused by temperature variation. This not only enhances production efficiency and reduces manufacturing costs but also ensures accurate calibration. The technology further supports diagnostic features such as open/short circuit detection, voltage, temperature monitoring and signal stabilization checks—allowing the chip to output fault codes or alerts when sensor abnormalities occur, thereby mitigating risks associated with sensor failure.

Wireless radio frequency—wireless communication technology

Our proprietary wireless communication protocol for in-vehicle applications overcomes key limitations of conventional Bluetooth transmission in terms of real-time performance, multi-node access and reliability. The protocol supports over 256 slave nodes and features strong retransmission capabilities, ensuring deterministic latency and transmission reliability across all nodes. Time synchronization accuracy across nodes is less than two microseconds, which makes the system particularly suitable for data acquisition in battery pack scenarios involving voltage, temperature and multi-sensor monitoring. In scenarios with severe local interference or weak signals, our powerful relay transmission mechanism maintains stable and reliable communication, enhancing performance under harsh operating conditions.

In the field of energy storage wireless communication, we adopt advanced baseband algorithms for ultra-high interference suppression and rapid switching between transmission and reception. This enables the protocol to support over 300 nodes in a single-layer network—ideal for energy storage stations and commercial storage systems with high cell counts and dense adjacent-channel interference, significantly expanding the applicability of our wireless sensor SoCs.

Wireless sensor SoC—integrated SoC technology

Our wireless sensor SoCs integrate sensing and radio frequency functionalities into a single chip, incorporating a high-precision AFE, high-resolution ADC, high-speed digital signal processor and a sensitive radio frequency transceiver. Such co-design across analog, digital and radio frequency domains, with rigorous noise management, presents significant technical challenges.

Given the stringent reliability requirements of automotive-grade products and the complexity of circuit types, the selection of process technology is critical. We adopt a process node capable of supporting high-voltage tolerance, low noise, low temperature drift and ultra-low leakage, while strictly enforcing multi-voltage domain separation and 100% over-voltage inspection. We apply Monte Carlo mismatch modeling to enhance circuit robustness and broaden process tolerance to meet automotive reliability standards.

Automotive-grade SoC design must include safety mechanisms. We employ heterogeneous redundancy in critical on-chip circuits to prevent systemic failures from shared failure modes. For MEMS, we integrate diagnostics such as open/short detection, overvoltage and overcurrent protection. For analog, radio frequency and digital interfaces, we implement dynamic scan testing in mass production to reduce the escape rate of process-induced failures.

To address the strong in-vehicle EMI, we implement architectural and layout-level isolation for key circuits to meet the low-noise, high-precision requirements of MEMS. For sensitive radio frequency receivers, we achieve high reception sensitivity through optimized power domain partitioning, low-power mode design and efficient power management units. To ensure radio frequency communication does not interfere with critical automotive systems (e.g., airbag controllers, ABS), we use spread-spectrum clocking to reduce peak power density and mitigate EMI to the vehicle system.

Calibration—calibration and compensation technologies

MEMS output is prone to signal drift due to factors such as temperature fluctuations, wafer-level inconsistencies and packaging-induced stress. To address this, we have developed a comprehensive set of calibration algorithms, standard processes and automated calibration equipment to achieve high-precision calibration at the chip level. Our proprietary algorithms and custom-built production equipment enable our sensor chips to maintain low drift and low distortion under challenging environmental conditions (e.g., extreme temperatures or pressure fluctuations). These calibration technologies not only enhance sensor reliability and stability but also significantly reduce the cost of calibration.

RESEARCH AND DEVELOPMENT

Through years of R&D efforts, we have built extensive expertise in the field of sensor SoCs, in particular wireless sensor SoCs. We continuously expand our product portfolio, updating existing products and introducing cost-effective new solutions to enhance competitiveness. By intensifying R&D commitments, accelerating market response times and enhancing operational efficiency, we aim to solidify and extend our competitive edge in the industry.

We have been committed to investing into our R&D talents and initiatives. During the Track Record Period, our research and development costs were RMB76.9 million, RMB95.9 million, RMB107.9 million and RMB35.8 million in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively, representing 74.1%, 42.9%, 31.0% and 22.8% of our revenue in the respective periods.

We have not in-licensed any material intellectual property rights or outsourced any material research and development processes to third parties. During the Track Record Period and up to the Latest Practicable Date, we performed substantially all of the R&D of our products in house. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material legal claims or proceedings that may have an influence on the research and development of our products.

Our R&D Team and Core Members

We had assembled a R&D team consisting of 97 R&D personnel, accounting for over 50% of our workforce, as of June 30, 2025. Our dedicated and experienced R&D team is led by Dr. Li Mengxiong. The following table sets forth the details of our core research and development members.

Core R&D members	Profile
Dr. Li Mengxiong	Dr. Li Mengxiong is the chairman of the Board, an executive Director and the chief executive officer of our Company. Dr. Li obtained a bachelor's degree in microelectronics and a master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in the PRC. He further obtained a doctoral degree from the School of Electrical and Electronic Engineering of the University of Nottingham. Dr. Li has over 20 years of experience in integrated circuit design, R&D and management. He has deep expertise in automotive sensor chips, communication radio frequency and optoelectronic integration. He is responsible for our overall technology direction planning and major technical decisions, and has made decisive contributions to our key technological innovations and product system development, driving the industrialization of several landmark technologies.

Core R&D members	Profile
Mr. Li Shuguang	Mr. Li Shuguang is an executive Director and the vice president of our Company. Mr. Li obtained a bachelor's degree in microelectronics and further obtained a master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in the PRC. Mr. Li has over 20 years of experience in IC design, R&D and management, with deep expertise in high-precision low-power signal conditioning, high-performance clock circuits, wireless radio frequency front-end and chip system integration design. He is one of the main contributors of many of our core patents and is responsible for R&D of key technologies and products, as well as quality management.
Mr. Wen Li	Mr. Wen Li, our key R&D leader, holds a bachelor's degree and a master's degree in electronic engineering from Fudan University (復旦大學) in the PRC. Mr. Wen has over 15 years of work experience and has accumulated rich technical expertise in automotive wireless sensing technology and new energy vehicle battery system application technology. He is responsible for product definition, R&D and key technology pre-research for our core BMS product line.
Dr. Chen Cheng	Dr. Chen Cheng, our key R&D leader, holds a bachelor's degree in electronic engineering and a PhD degree in microelectronics from Fudan University (復旦大學) in the PRC. Dr. Chen has 20 years of solid experience in high-performance mixed-signal integrated circuit R&D and architectural innovation, particularly skilled in the field of ADC. He is one of the main contributors of many of our core patents and is responsible for the overall R&D of our chip products. He has made important contributions to our chip development and technological breakthroughs.

We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in training programs to upskill our key staff. In the event of termination of employment requested by key staff, we closely communicate with the staff for the reason of departure and feedback for us. We also recruit candidates with relevant knowledge and skills by online recruitment, campus recruitment and internal referrals, among others, to avoid the negative impact that could be caused by attrition.

The salient terms of agreements with management and technical staff are set out below.

- *No conflict.* During the employment, the employee shall not engage in any other job, whether full-time or part-time, without our written consent.

- *Non-competition.* We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, the employee shall not engage in any competitive behavior.

- *Non-solicitation.* During the employment and for two years thereafter, the employee shall not, directly or indirectly, solicit or attempt to solicit our current and former employees to leave their employment or solicit or otherwise influence our relationships with our customers or suppliers.

- *Inventions arrangement.* We own all rights, titles and interests (including patent rights, copyrights, trade secret rights and all other intellectual property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), designs, know-how, ideas and information made, conceived or reduced to practice, in whole or in part, by the employee during the term of the employment contract to the fullest extent allowed by applicable laws, and the employee shall promptly disclose all inventions to us.

- *Proprietary information arrangement.* All inventions and all other business, technical and financial information (including, without limitation, the identity of and information relating to customers or employees) the employee develops, learns or obtains during the term of the employment contract that relate to us or our business or demonstrably anticipated business, or that are developed in whole or in part during the employment or using our equipment, supplies, facilities or confidential information, or that are received by or for us in confidence, constitute proprietary information. The employee shall hold in confidence and not disclose or, except within the scope of the employment, use any proprietary information. The employee shall maintain confidentiality obligations indefinitely after the expiration or termination of employment until we declare such information declassified or that such information becomes publicly available. The expiration or termination of the employment agreement shall not release employees from the continued confidentiality obligations.

Our R&D Process

Our R&D process involves a framework in which factors such as customers demand, feasibility analysis, technology developments and application scenarios are taken into consideration. We have established a comprehensive process to ensure strict control and oversight of our R&D activities. Our R&D process primarily encompasses the key steps of (1) market research and project initiation, (2) development, and (3) verification, after which we proceed with mass production conducted through trusted third parties. The process from formulation of product concepts to the commencement of mass production may vary from six to 24 months, depending mainly on the complexity and novelty of products, as well as the requirements of relevant customers. We have implemented rigorous control protocols over our research and development process to ensure full-cycle quality control.

- At the market research and project initiation stage, we complete a series of steps to transform product concepts into product specifications and development plans. Specifically, we conduct a comprehensive evaluation of new project feasibility from market, technical, operational and financial perspectives. We consider wafer fabrication processes, packaging requirements and cost parameters, refine product specifications and perform IP searches and analysis to assess potential risks.

- At the development stage, our R&D personnel proceed with the development tasks of SoC design according to our product development plans. This involves procedures such as chip architectural definition, IP integration, physical implementation and production test readiness. At this stage, we focus on optimizing product performance and quality and achieving innovation and improving our product to meet technical and market demands.

- At the verification stage, we closely coordinate with the wafer foundry and packaging service providers to produce prototypes. Once the prototypes are produced, they will go through functional and performance validation to ensure alignment with our product specifications. At this stage, we also closely monitor the product's manufacturability and compliance with production requirements, including any production issues. In addition, we may involve certain key customers in product trials to collect their feedback as part of our considerations in whether to proceed with mass production.

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. We have taken the following key measures to protect our intellectual property rights, including (1) establishing a set of comprehensive internal policies to implement effective management over our intellectual property rights, (2) timely registration, filing and application for the ownership of our intellectual properties, (3) timely report to the management upon identification of infringement of our intellectual property rights by third parties, (4) providing trainings to enhance employees' intellectual property right awareness and to ensure our intellectual property protection measures' long-term effectiveness, and (5) stipulating and emphasizing the ownership and protection of intellectual properties in the employment agreements and employee handbook.

As of June 30, 2025, we had 77 granted patents, 33 utility model patents and one design patent. As of the same date, we had 61 layout-design of integrated circuits, 26 software copyrights and 23 registered trademarks.

Examples of patents held by us in connection with our core technologies which we consider to be material to our business include the following:

Patent name	Place of registration	Patent number	Major function
Wireless communication system and signal transceiver device (無線通信及其信號收發裝置)	China	CN202210671793.4	Achieve duplex communication without antenna switching components
Frequency divider circuit, phase-locked loop circuit and control method for frequency divider (分頻電路、鎖相環電路以及分頻電路的控制方法)	China	CN202011531410.0	Enable fast lock and diagnostic functions in wireless phase-locked loop systems
Mismatch calibration circuit, method, system and RF system (失配校準電路、方法、系統和射頻系統)	China	CN202010825457.1	Automatically estimate and compensate transmitter mismatches to maintain timing and signal quality
Alarm integrated circuit, alarm system and alarm method (報警集成電路、報警系統及報警方法)	China	CN202210256469.6	Customize the system architecture after modeling the pressure runaway scenario in the battery pack cavity based on real-world conditions
Sensor diagnostic device and sensor detection circuit (傳感器診斷裝置和傳感器檢測電路)	China	CN202110127511.X	Provide functional safety diagnostics across 10 failure scenarios, compliant with automotive ASIL-B

Patent name	Place of registration	Patent number	Major function
Bluetooth receiving device, Bluetooth communication method and electronic equipment (藍牙接收裝置和藍牙通信方法及電子設備)	China	CN202010194668.X	Implement low-power Bluetooth anti-collision reception strategy with early packet filtering
Automatic mismatch calibration circuit, method and RF receiver (自動失配校準電路、方法及射頻接收機)	China	CN202010799164.0	Perform automatic mismatch estimation and compensation in RF transmitters to ensure communication quality
Low-power supply circuit (低功耗供電電路)	China	CN202211140623.X	Provide minimalistic low-power wake-up energy detection for Bluetooth systems
Data transceiver system, data receiving device and control method (數據收發系統、數據接收設備及其控制方法)	China	CN202210156060.7	Enhance wireless reception with fast automatic gain adjustment, improving efficiency by 50%
LF decoding integrated circuit and TPMS control system (低頻解碼集成電路及TPMS控制系統)	China	CN202210123692.3	Provide error-corrected decoding at 125 kHz frequency band for wireless LF applications
Bluetooth module, event control method for Bluetooth module and electronic device (藍牙模塊、藍牙模塊的事件控制方法及電子設備)	China	CN202010395338.7	Improve BLE packet transmission efficiency with configurable timer-based hardware power control
Overvoltage protection circuit and device (過壓保護電路及裝置)	China	CN2021116360416	Provide rapid protection against automotive surge overvoltage to prevent functional failure

As advised by our PRC Legal Advisor, pursuant to the Patent Law of the PRC (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of 10 years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. Despite our precautions, however, third parties may obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors—Risks Relating to the Research and Development and Intellectual Property Rights of Our Products." Our Directors confirm that we did not have any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

During the Track Record Period, we primarily sold our products to customers located in China. We adopted hybrid sales channels and sold our products through both direct sales and distributors. The following table sets forth a breakdown of our revenue by distribution channels for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Direct sales	59,215	57.0	113,615	50.8	184,849	53.2	69,527	56.4	90,413	57.7
Distributorship	44,585	43.0	109,868	49.2	162,691	46.8	53,832	43.6	66,399	42.3
Total	**103,800**	**100.0**	**223,483**	**100.0**	**347,540**	**100.0**	**123,359**	**100.0**	**156,812**	**100.0**

Our sales force is essential to build, maintain and promote our brand image by interacting, introducing and demonstrating the features of our products directly to our customers. As of June 30, 2025, we had a dedicated sales and marketing team of 22 members with strong expertise in the sales of our products. The technically complex nature of our product requires our sales force to possess specialized expertise. Our sales and marketing team work in a collaborative manner with our research and development team, such as through product line meetings, ad-hoc meetings and regular performance reviews and evaluations. We also organize workshops to maintain our sales team's technical proficiency to deepen their understanding of our products. To encourage and incentivize our sales force, we have implemented a compensation structure combines a fixed salary with performance-based assessments and special incentives.

Our Sales Arrangements

Direct sales

Our direct sales customers include Tier 1 suppliers and automotive OEMs, a significant portion of which were leading companies in their respective fields. We believe that our direct engagement with these customers and our proactive efforts to develop and strengthen relationship with them can enable us to address their demands in a satisfactory and efficient manner, accumulate critical know-hows and enhance our market penetration and positioning in the relevant downstream sectors. Driven by our commitment to "Product-market Fit," we primarily attract and retain direct sales customers leveraging our ability to offer products that effectively meet their requirements, as well as evolving industry standards and technology advancements. In particular, we have fostered strong and sustainable collaborative relationship with certain direct sales customers by maintaining regular communications with them and providing customized solutions.

The following table sets forth certain key metrics of our direct sales customers for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Number of direct sales customers	62	96	115	106
Number of new direct sales customers	58	76	52	23
Number of transactions with direct sales customers	332	450	386	158
Average direct sales customer value(1) (RMB in thousands)	372	639	974	507
Average transaction value of direct sales customers(2) (RMB in thousands)	134	244	421	414
Number of key direct sales customers(3)	19	22	21	13
Key direct sales customer retention rate(4)	100.0%	94.7%	86.3%	N/M
Net dollar retention rate of key direct sales customers(5)	111.6%	275.3%	148.8%	N/M

(1) Calculated by dividing the revenue generated from direct sales customers in a given period by the number of direct sales customers who purchased our products in the same period.

(2) Calculated by dividing the revenue generated from direct sales customers in a given period by the number of transactions by our direct sales customers in the same period.

(3) Key direct sales customers refer to direct sales customers whose revenue contribution to our Group exceeds RMB1.0 million for a given fiscal year.

(4) Calculated by dividing the number of key direct sales customers of both current and previous periods by the number of key direct sales customers of the previous period, multiplied by 100%.

(5) Calculated by dividing the revenue of a current period from key direct sales customers of both current and previous periods by the revenue of the previous period of such direct sales customers, multiplied by 100%.

Our key direct sales customer retention rate remained above 80% in 2022, 2023 and 2024, respectively. Our net dollar retention rate of key direct sales customers increased from 111.6% in 2022 to 275.3% in 2023, and then decreased to 148.8% in 2024. We had relatively high net dollar retention rate of key direct sales customers in 2023, primarily due to the mass production of certain intelligent tire sensing SoCs and USI SoCs, which led to a surge in direct sales expansion.

Principal terms of sales agreements with direct sales customers

We typically enter into framework agreements and subsequent purchase orders with our direct customers. The following paragraphs set forth a summary of the salient terms of our arrangements with direct sales customers.

- ***Term and termination***. Our framework agreements with direct customers generally have no fixed term. The direct customers may generally terminate the framework agreements in the event that we breach the terms of the agreements.

- ***Product specification***. Our customers typically set forth specific product specification requirements for the products ordered, including product model, specification, price, quantity, delivery timeline and other detailed items.

- ***Pricing and payment term***. We sell our products to direct sales customers at agreed levels as stipulated in the relevant agreements. Except for certain major direct sales customers with good credit profile and collaborative relationship with us, we generally require prepayments from our distributors before delivery. For the sales on credit to direct sales customers, we typically grant a credit term ranging from 30 to 90 days.

- ***Logistics***. We are generally responsible for packaging and delivering qualifying products to our customers' designated warehouses.

- ***Supporting services***. We are responsible for providing supporting services to the direct sales customers.

- ***Risk allocation***. The risk of damage is generally on the direct customers once our products are delivered to direct sales customers.

- ***Return and exchange***. Products are typically accepted in accordance with customer's specifications, as well as national and industry standards. Should any quality issues arise, we shall be responsible for replacement or the direct customers can return the products.

Sales through distributors

We have adopted a distributorship model for a portion of the sales and distribution of our products to end customers, under which we remain principally responsible for maintaining relationship with the end customers and formulating the product specifications, while the distributors are responsible for delivery to end customers and settlement with us. According to the F&S report, the engagement of distributors for the sales of products is industry norm in the semiconductor industry. Such distribution model streamlines our operations by enabling us to focus on the R&D of our products and strengthen our core advantages, improving our operational leverage by reducing inefficient sales and administrative procedures and improving our financial flexibility.

Our relationship with distributors is categorized as seller-buyer relationships, as they buy out our products from us and then resell the products to the end customers. We recognize sales revenues from distributors when the control over our products is transferred to such distributors.

Our distributors are not allowed to sub-distribute our products to other parties without our prior consent. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any sub-distributors of our products.

The following table sets forth the key metrics of our distributors for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the year/period	230	408	480	182
Number of new distributors	218	222	58	34
Number of exiting distributors	(40)	(150)	(356)	(97)
Number of distributors at the end of the year/period	408	480	182	119
Number of transactions with distributors	6,585	8,604	8,046	4,772
Average distributor value[(1)] (RMB in thousands)	87	116	242	232

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Average transaction value of distributors(2) (RMB in thousands)	5	6	5	6
Number of key distributors(3)	22	26	30	28
Key distributor retention rate(4)	66.7%	100.0%	100.0%	N/M
Net dollar retention rate of key distributors(5)	115.2%	187.7%	170.8%	N/M

(1) Calculated by dividing the revenue generated from distributorship in a given period by the number of distributors who purchased our products in the same period.

(2) Calculated by dividing the revenue generated from distributorship in a given period by the number of transactions by our distributors in the same period.

(3) Key distributors refers to refer to distributors whose revenue contribution to our Group exceeds RMB1.0 million for a given fiscal year.

(4) Calculated by dividing the number of key distributors of both current and previous periods by the number of key distributors of the previous period, multiplied by 100%.

(5) Calculated by dividing the revenue of a current period from key distributors of both current and previous periods by the revenue of the previous period of such distributors, multiplied by 100%.

Our key distributor retention rate increased from 66.7% in 2022 to 100.0% in 2023 and remained at 100.0% in 2024, primarily due to the increased sales of certain intelligent tire sensing SoCs and BMS SoCs, following their mass production. Our net dollar retention rate of key distributors increased from 115.2% in 2022 to 187.7% in 2023, and remained relatively stable at 170.8% in 2024, driven by the continued strong demand for the aforesaid products.

During the Track Record Period and up to the Latest Practicable Date, we did not experience material breach of distribution agreements that had a significant impact on our business, nor did we have any material disputes with or experience any return or exchange of products from our distributors that had a material adverse effect on our business.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge, except for the business relationship with us pursuant to the distribution arrangements, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of our total issued Shares, Directors or senior management or any of their respective associates.

Principal terms of distribution agreements

We typically enter into distribution agreements with our distributors. The following paragraphs set forth a summary of the salient terms of our arrangements with distributors.

- ***Term***. The term of the distribution agreement is typically one year. Parties may terminate the distribution agreement in the event of breach of relevant laws or regulations.

- ***Pricing and payment term***. We set the selling prices of our products by our distributors to the end customers, based on which we determine our selling price to the distributors. We generally require prepayments from our distributors before delivery.

- ***Sales amount and sales target***. The distributors confirm the purchase amount with us in written purchase orders specifying product model, specifications, quantity and total amount. We do not set sales target for distributors.

- ***Sub-distribution***. We require our distributors to resell our products to the customers designated or otherwise permitted by us. Our distributors are not allowed to sub-distribute our products to other parties without our prior consent.

- ***Supporting services***. We are responsible for providing supporting services to the end customers.

- ***Return and exchange***. We allow returns and/or exchanges only under limited circumstances as specified in the agreement. We may allow return and/or exchange and bear associated transportation costs upon distributors' timely notification of any discrepancy in product specifications or quality defects verified by a mutually recognized third-party inspection agency. We do not provide warranty period for distributors.

Distributor management

We have implemented certain measures to monitor and manage our distributors, including those on distributor selection, and will terminate collaboration with distributors who disrupt market order or violate the distribution agreement:

- ***Distributor selection***. Distributors are involved in our sales arrangements mainly at the request of specific customers, and we may also recommend distributors when the end customers do not designate distributors. We select distributors primarily based on their customer relationships, financial capacity and service capabilities. For qualified distributors, we issue distributor certificates to them.

- ***Channel stuffing risk management***. To mitigate our channel stuffing risks, we generally check the inventory status with distributors to monitor their inventory level and to ensure that they maintain an optimal inventory level that is commensurate with market demand. Furthermore, we do not permit distributors to return any unsold products except for product quality issues due to our faults, making the distributors less motivated to stock up products.

- ***Anti-cannibalization***. We manage cannibalization risks among distributors by specifying the products to be distributed and the geographical regions for which a distributor is responsible for in the agreement. We prohibit distributors from selling products outside the respective designated geographical regions without prior written consent from us. If the distributor breaches such term, we have the right to terminate the agreement, and the distributor shall bear full liability for all direct and indirect losses incurred by us as a result thereof.

Marketing and Branding

We believe that the competitive advantages of our products, close ties with key players in relevant downstream sectors, mass production experience and our commitment to "Product-market Fit" have played a significant role in appealing to customers and enhancing our market penetration. Due to the nature of our products and customers, we have adopted an efficient and targeted go-to-market approach, focusing on constructive ongoing communications with key players in relevant downstream sectors, including topics on product development, technology trends and supply chain strategies. During such process, we identify and address evolving customer needs and pain points, which provides critical insights to support our new product development while simultaneously enhancing customer stickiness.

To further enhance our visibility and cultivate our brand image, we also selectively participate in industry symposiums and exhibitions, and share our latest developments, industry insights and product information through multiple online media channels. These platforms serve as important tools to demonstrate the capabilities of our products, share technical insights, and build connections with our end customers.

Pricing

The price range of our products tend to vary depending on different functions and complexity and customer specifications. We determine our product pricing through negotiations with our customers. We consider factors such as our costs, desired profit margin, pricing of similar products of competitors and degree of market competition in formulating our pricing policies.

CUSTOMERS

Our customers during the Track Record Period primarily include direct sales customers in relevant downstream sectors, in particular Tier 1 suppliers, as well as distributors. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our top five customers for each period during the Track Record Period accounted for 41.2%, 35.6%, 52.1% and 46.8% of our total revenue of such period, respectively, and revenue generated from our largest customer for each period during the Track Record Period accounted for 15.4%, 9.2%, 25.2% and 22.9% of our total revenue in the same periods, respectively. We typically settle payments with our top five customers by bank transfer.

The following tables set forth the details of the five largest customers in each year/period during the Track Record Period.

Customer	Revenue amount	Percentage of revenue contribution	Customer type	Customer background	Commencement of collaboration	Payment term	Products provided by us
	(RMB in thousands)						
For the year ended December 31, 2022							
Customer A	15,987	15.4%	Direct sales customer	A company engaged in the R&D, production and sales of new energy vehicle power battery systems and energy storage systems	2021	Net 90 days end of month ("EOM")	BMS SoCs
Customer B	13,712	13.2%	Distributor	A company engaged in the technical development and sales of various quartz crystal resonators and the manufacturing of electronic components	2019	Payment before delivery	Intelligent tire sensing SoCs
Customer C	5,419	5.2%	Direct sales customer	A company engaged in the R&D and sales of software, network and electronics	2019	Payment before delivery	Intelligent tire sensing SoCs
Customer D	4,327	4.2%	Direct sales customer	A company in the internet and related services industry	2022	Payment before delivery	Intelligent tire sensing SoCs
Customer E	3,335	3.2%	Distributor	A company engaged in providing technical services, sales of power electronic components and electrical equipment	2022	Payment before delivery	Intelligent tire sensing SoCs
Total	**42,780**	**41.2%**					

Customer	Revenue amount	Percentage of revenue contribution	Customer type	Customer background	Commencement of collaboration	Payment term	Products provided by us
	(RMB in thousands)						
For the year ended December 31, 2023							
Customer A	20,622	9.2%	Direct sales customer	A company engaged in the R&D, production and sales of new energy vehicle power battery systems and energy storage systems	2021	Net 90 days EOM	BMS SoCs
Customer F[(1)]	16,304	7.3%	Direct sales customer	A company engaged in the R&D, production and sales of automotive tire pressure monitoring systems	2021	Net 60 days EOM	Intelligent tire sensing SoCs
Customer B	15,386	6.9%	Distributor	A company engaged in the technical development and sales of various quartz crystal resonators and the manufacturing of electronic components	2019	Payment before delivery	Intelligent tire sensing SoCs
Customer G	14,519	6.5%	Distributor	A company engaged in providing supply chain management, logistics solution and the design and sales of electronic products and components	2023	Payment before delivery	BMS SoCs
Customer H	12,827	5.7%	Direct sales customer	A leading intelligent sensor manufacturer	2021	Payment before delivery	USI SoCs
Total	**79,658**	**35.6%**					

Customer	Revenue amount	Percentage of revenue contribution	Customer type	Customer background	Commencement of collaboration	Payment term	Products provided by us
	(RMB in thousands)						
For the year ended December 31, 2024							
Customer F[(1)]	87,554	25.2%	Direct sales customer	A company engaged in the R&D, production and sales of automotive tire pressure monitoring systems	2021	Net 60 days EOM	Intelligent tire sensing SoCs
Customer B	29,385	8.5%	Distributor	A company engaged in the technical development and sales of various quartz crystal resonators and the manufacturing of electronic components	2019	Payment before delivery	Intelligent tire sensing SoCs
Customer G	25,150	7.2%	Distributor	A company engaged in providing supply chain management, logistics solution and the design and sales of electronic products and components	2023	Payment before delivery	BMS SoCs
Customer I	22,180	6.4%	Distributor	A company engaged in the R&D, technical support, consulting and services for optoelectronic displays, electronic products and computer hardware and software	2019	Payment before delivery	Intelligent tire sensing SoCs, USI SoCs
Customer C	16,838	4.8%	Direct sales customer	A company engaged in the R&D and sales of software, network and electronics	2019	Payment before delivery	Intelligent tire sensing SoCs
Total	**181,107**	**52.1%**					

Customer	Revenue amount	Percentage of revenue contribution	Customer type	Customer background	Commencement of collaboration	Payment term	Products provided by us
	(RMB in thousands)						
For the six months ended June 30, 2025							
Customer F[(1)]	35,876	22.9%	Direct sales customer	A company engaged in the R&D, production and sales of automotive tire pressure monitoring systems	2021	Net 60 days EOM	Intelligent tire sensing SoCs
Customer G	12,092	7.7%	Distributor	A company engaged in providing supply chain management, logistics solution and the design and sales of electronic products and components	2023	Payment before delivery	BMS SoCs
Customer J	8,935	5.7%	Distributor	A company engaged in the sales of optoelectronic devices, power electronic components and electronic products	2024	Payment before delivery	Intelligent tire sensing SoCs
Customer B	8,580	5.5%	Distributor	A company engaged in the technical development and sales of various quartz crystal resonators and the manufacturing of electronic components	2019	Payment before delivery	Intelligent tire sensing SoCs
Customer I	7,774	5.0%	Distributor	A company engaged in the R&D, technical support, consulting and services for optoelectronic displays, electronic products and computer hardware and software	2019	Payment before delivery	Intelligent tire sensing SoCs, USI SoCs
Total	**73,257**	**46.8%**					

(1) Customer F is a subsidiary of one of our Shareholders.

To the best of our knowledge, all of our five largest customers in each year/period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year/period during the Track Record Period.

SUPPLIERS

Procurement Model and Supplier Management

Under our fabless model, we outsource wafer fabrication and chip packaging and testing activities to third-party business partners. Our procurement primarily include (1) wafers; and (2) chip packaging and testing services.

We have established a procurement team to arrange and place orders for our major procurements, including our raw materials, equipment and devices and modules. Our procurement team are responsible for formulating our procurement plans, development, evaluations and management of suppliers, demand analysis, price comparison and negotiation and procurement cost management. We have also implemented systematic procurement procedures focused on bulk procurement and online procurement, to enhance our procurement efficiency.

We have adopted supplier qualification procedures to standardize our supplier selection process. We require suppliers involved in the production of our automotive grade products to obtain IATF16949 certification, the globally recognized automotive quality management system based on ISO 9001. In selecting our suppliers, we primarily consider factors including product quality, delivery capabilities, price level, technical and R&D ability and reputation. We formulate and continually update our qualified supplier list and evaluate our supplier status from time to time. We also implement rigorous quality control procedures for our supplies. For details, see "—Quality Control."

Major Suppliers

Our suppliers primarily consist of (1) wafer foundries, and (2) chip packaging and testing service providers. Our suppliers are primarily located in China. In 2022, 2023, 2024 and the six months ended June 30, 2025, purchases from our top five suppliers for each period during the Track Record Period accounted for 72.8%, 52.6%, 64.5% and 63.9% of our total purchase amount of such period, respectively, and the purchase from our largest supplier for each period during the Track Record Period accounted for 21.1%, 13.8%, 21.9% and 20.6% of our total purchase amount in the same periods, respectively. We typically settle payments with our top five suppliers by bank transfer.

The following tables set forth the details of our top five suppliers in each year during the Track Record Period.

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Payment term	Supplier background	Products and/or services purchased
	(RMB in thousands)					
For the year ended December 31, 2022						
Supplier A	41,103	21.1%	2017	Prepayment	A company engaged in integrated circuit manufacturing, electronic component distribution and foundry	Wafer
Supplier B	33,642	17.3%	2019	Prepayment	A leading wafer foundry offering a wide range of support services and competitive process technologies	Wafer
Supplier C	23,814	12.2%	2017	Net 30 days EOM	A semiconductor packaging and testing service provider	Packaging and testing
Supplier D	22,115	11.4%	2019	Prepayment	A company engaged in semiconductor distribution and IoT solutions	Wafer, wafer testing
Supplier E	21,119	10.8%	2016	Prepayment	A company mainly engaged in providing integrated circuit service and acting as an agent for major global wafer manufacturers	Wafer
Total	**141,793**	**72.8%**				

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Payment term	Supplier background	Products and/or services purchased
	(RMB in thousands)					
For the year ended December 31, 2023						
Supplier E	22,282	13.8%	2016	Prepayment	A company mainly engaged in providing integrated circuit service and acting as an agent for major global wafer manufacturers	Wafer
Supplier A	21,569	13.4%	2017	Prepayment	A company engaged in integrated circuit manufacturing, electronic component distribution and foundry	Wafer
Supplier C	18,991	11.8%	2017	Net 30 days EOM	A semiconductor packaging and testing service provider	Packaging and testing
Supplier F	14,475	9.0%	2020	Three months upon receipt of invoice	A third-party independent chip testing and operations service provider engaged in product performance and defect testing services	Packaging and testing
Supplier D	7,358	4.6%	2019	Prepayment	A company engaged in semiconductor distribution and IoT solutions	Wafer
Total	**84,675**	**52.6%**				

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Payment term	Supplier background	Products and/or services purchased
	(RMB in thousands)					
For the year ended December 31, 2024						
Supplier A	73,583	21.9%	2017	70% advance, remaining 30% based on actual shipped quantity	A company engaged in integrated circuit manufacturing, electronic component distribution and foundry	Wafer
Supplier F	45,623	13.6%	2020	Three months upon receipt of invoice	A third-party independent chip testing and operations service provider engaged in product performance and defect testing services	Packaging and testing
Supplier C	39,668	11.8%	2017	45 days	A semiconductor packaging and testing service provider	Packaging and testing
Supplier G	31,024	9.2%	2021	Net 30 days EOM	A company engaged in chip and integrated circuit packaging and testing	Packaging and testing
Supplier D	26,775	8.0%	2019	20% advance, balance Net 30 days EOM after invoice	A company engaged in semiconductor distribution and IoT solutions	Wafer
Total	**216,673**	**64.5%**				

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Payment term	Supplier background	Products and/or services purchased
	(RMB in thousands)					
For the six months ended June 30, 2025						
Supplier A	39,143	20.6%	2017	70% advance, remaining 30% based on actual shipped quantity	A company engaged in integrated circuit manufacturing, electronic component distribution and foundry	Wafer
Supplier D	28,013	14.8%	2019	20% advance, balance Net 30 days EOM after invoice	A company engaged in semiconductor distribution and IoT solutions	Wafer
Supplier C	20,689	10.9%	2017	Net 45 days EOM	A semiconductor packaging and testing service provider	Packaging and testing
Supplier G	19,754	10.4%	2021	Net 30 days EOM	A company engaged in chip and integrated circuit packaging and testing	Packaging and testing
Supplier H	13,635	7.2%	2019	Net 30 days EOM	A company engaged in the R&D, design and manufacturing of accelerometer components, pressure sensor and optical scanning components	Wafer
Total	**121,234**	**63.9%**				

To the best of our knowledge, all of our five largest suppliers in each year/period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year/period during the Track Record Period.

We enter into framework agreements with our major suppliers and place purchase orders or processing orders on case-by-case basis. The following paragraphs set forth a summary of the salient terms of our framework agreements with distributors.

- ***Term***. The framework agreement usually range from three to five years.

- ***Prices***. The agreements generally do not specify quantity and price, which we set out in separate purchase orders.

- ***Payments***. The purchase orders set out specific payment terms depending on the type of products and/or services to be procured.

- ***Principal obligations***. Suppliers are normally responsible for timely delivery and quality assurance of products or services. Generally, our suppliers are required to meet our specified quality requirements and are responsible for defects resulting from suppliers' conduct.

In addition, we enter into quality assurance agreements with certain suppliers to reinforce our quality control. Our Directors confirm that we had not experienced any material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers during the Track Record Period and up to the Latest Practicable Date.

OVERLAPPING OF MAJOR CUSTOMER AND SUPPLIER

During the Track Record Period, certain of our major customers also procured from us. Customer C was also our supplier in 2022 and 2023, and they mainly provided us processing services. In 2022 and 2023, our purchases from Customer C accounted for 0.02% and 1.5% of our total purchase amount, respectively. Customer G was also our supplier in 2024 and in the six months ended June 30, 2025, and they mainly supplied us electronic components. In 2024 and the six months ended June 30, 2025, our purchases from Customer G accounted for 0.02% and 0.06% of our total purchase amount, respectively. Customer H was also our supplier in 2024, and they mainly supplied us electronic components. In 2024, our purchases from Customer H accounted for less than 0.01% of our total purchase amount. In addition, Supplier H was also our customer in 2022, and they mainly procured USI SoCs from us. In 2022, our revenue from Supplier H accounted for 0.02% of our total revenue.

Negotiations of the terms of our sales to and purchases from such overlapping customers/suppliers were conducted on an individual basis, and the sales and purchases were neither inter-connected nor inter-conditional with each other. All of our sales to and purchases from such overlapping customers/suppliers were conducted in the ordinary course of business under normal commercial terms and in arm's length transactions. Our Directors confirmed that, save as disclosed herein, none of our major customers was also a supplier, and vice versa, during the Track Record Period.

QUALITY CONTROL

Product Quality and Standards

Product quality is critical to our sustainable success, and we have placed great emphasis on quality assurance. We have designed and implemented stringent monitoring and quality control systems to manage our operations. We have established a dedicated quality control department within our organization to manage our quality control system, ensure the quality of our suppliers, customers and R&D activities, execute and oversee the reliability and failure analysis of our products. As of June 30, 2025, our quality control department had 11 members.

We have a comprehensive quality management system and are certified to multiple international standards including ISO 14001 for environmental management and ISO 26262 ASIL D for road vehicles functional safety. Our quality control system encompasses critical aspects of our operations, such as our product design and development, procurement and production, and incorporates a series of key industry standards:

- ***Product design and development***. With respect to our product design and development, we implement control procedures on project objectives, evaluations and modifications during the R&D process, and we set forth quality targets to evaluate the performance of our key outputs. In particular, leveraging our long experience in providing our products to the automotive sector, we have developed and implemented a full-cycle zero-defect planning and management process that spans from initial product design (i.e., "design-for-test," in which we include defect testing procedures at the early design stage) to various subsequent validation procedures, to comply with AEC-Q004 (Automotive Zero Defects Framework). Specifically, we adopt design failure mode and effect analysis ("DFMEA") to ensure the reliability of the end products at the initial design stage. We also strictly comply with AEC-Q testing procedures and standards to complete validation of three batches of products before proceeding into mass production. These measures have enabled us to achieve more rigorous and effective quality control than many of our peer firms.

- ***Procurement and production.*** In addition to our supplier qualification procedures, we abide by the Advanced Product Quality Planning to conduct process audits of our suppliers at the new product introduction stage. We require suppliers to provide production part approval process ("PPAP") document as the basis of mass production. Moreover, we adopt regular supplier management through annual evaluations based on VDA6.3, a German automotive industry's standardized process audit methodology, as well as monthly and weekly evaluations focusing on different benchmarks. At the mass production stage, we implement mass production tests with high coverage. For instance, for our automotive grade products, our products undergo temperature cycling tests according to AEC-Q100, and mass production quality control according to AEC-Q001 (Guidelines for Part Average Testing) and AEC-Q002 (Guidelines for Statistical Yield Analysis). Furthermore, we monitor product reliability on an ongoing basis through quarterly ongoing reliability tests, to monitor the reliability of packaging method. We also utilize data management system to monitor mass production statistics.

Product Warranty and Returns

Our warranty term is usually 24 months, and applies only to limited circumstances, such as defects or failure of products or services that do not meet the quality standards as specified and agreed with our customers. In case of product failure within the warranty period, we will arrange for repair or replacement of products and/or services without extra charge. After the warranty period expires, we may provide maintenance and repair services at a reasonable cost. For details of our product return and exchange policies with distributors, see "—Sales and Marketing—Our Sales Arrangements—Sales through Distributors."

During the Track Record Period and up to the Latest Practicable Date, (1) we had not received any material complaints relating to product quality; (2) we had not experienced any material product returns, refunds or recalls; and (3) we had not been involved in any material incidents or been subject to any material claims, proceedings or liabilities concerning safety issues of our products.

INVENTORY AND LOGISTICS

Our inventory consists of raw materials, semi-finished products and WIP, and finished goods. We currently have two warehouses located in Shanghai and Nanjing with a gross floor area of 143.6 sq.m and 93.5 sq.m, respectively. We primarily store finished goods at our warehouses. We regularly evaluate our stock with reference to historical production and sales data, sales forecast and market forecast. In addition, we typically maintain safety stock of one to two months.

We partner with qualified third-party logistics providers to deliver finished goods from the locations of our suppliers or our warehouses to our or our customers' specified locations. We enforce rigorous transportation standards and evaluate their performance to ensure compliance, maintain accountability and achieve efficient, reliable product delivery. We also purchase transportation insurance that covers the delivery of wafers. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially and adversely affected our business operations.

PATH TO PROFITABILITY

We are still at the relatively early stage of the commercialization of certain of our major products. For instance, we achieved the mass production of our TPMS SoC products and BMS SoC products in 2017 and 2020, respectively, and began to recognize revenue therefrom in 2018 and 2021, respectively. Due to our early-mover advantage, the competitiveness and innovativeness of our product portfolio, our robust technology foundation and strong relationship with our customers, we achieved significant growth during the Track Record Period. Our total revenue increased from RMB103.8 million for 2022 to RMB223.5 million for 2023 and further to RMB347.5 million for 2024, at a CAGR of 83.0% over the same periods, and by 27.1% from RMB123.4 million for the six months ended June 30, 2024 to RMB156.8 million for the six months ended June 30, 2025. We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024, with a global market share of 7.3% in 2024, according to the F&S report. In 2022, 2023 and 2024, our key customer retention rate was 92.3%, 97.6% and 93.8%, respectively, and the net dollar retention rate of key customers was 113.0%, 231.3% and 159.0% for the same periods, respectively.

We believe that we are well-positioned to further unleash the commercialization potential of our major product lines and monetize from the market tailwinds of automotive wireless sensor SoCs in particular. According to the F&S report, the global market size of automotive wireless sensor SoCs increased from RMB1.3 billion in 2019 to RMB2.9 billion in 2024 at a CAGR of 17.6% during such period, and is projected to increase from RMB3.6 billion in 2025 to RMB27.8 billion in 2030 at a CAGR of 50.5% during such period. As the leading domestic player in this market, we expect to take advantage of the significant upside potential of the Chinese market. According to F&S report, the market size of China's automotive wireless sensor SoC industry is expected to grow from RMB1.4 billion in 2025 to RMB16.2 billion to 2030, at a CAGR of 64.4%. Underpinned by our homegrown advantages, we expect to leverage the unique benefits of our products, our solid relationship with downstream customers and our elevating market recognition to capitalize from the Chinese market.

Despite our rapid revenue growth, we recorded net losses during the Track Record Period. We had loss for the year/period of RMB204.6 million, RMB355.8 million, RMB351.3 million, RMB129.6 million and RMB143.3 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Our net loss during the Track Record Period was primarily a result of the combination of the following factors: (1) our relatively small business scale as a company with short operating history and limited commercialization, which led to lower operating leverage; (2) the changes in the carrying amount of liabilities recognized for financial instruments issued to investors, which amounted to RMB119.0 million, RMB164.5 million, RMB251.2 million, RMB79.9 million and RMB126.5 million in the same periods, respectively, which will not be incurred after the completion of the [**REDACTED**]; (3) for 2023, the impairment losses of goodwill of RMB76.1 million in connection with the acquisition of Gainsil, which we do not expect to incur to the extent that we do not have similar acquisitions in the near term; (4) in particular for 2023, the impact of certain high-cost wafer that we had procured in advance in light of the cyclical impact of the semiconductor sector supply chain, which had lowered our profit margin in 2023; and (5) the significant investments in our R&D efforts, including investment in our R&D personnel and product development activities, which led to research and development costs of RMB76.9 million, RMB95.9 million, RMB107.9 million, RMB39.9 million and RMB35.8 million for the same periods, respectively. After adjusting (1) changes in the carrying amount of liabilities recognized for financial instruments issued to investors; (2) equity-settled share-based payment expenses; and (3) impairment losses on goodwill in 2023, our adjusted loss for the year/period (non-HKFRS measure) during the Track Record Period was RMB83.6 million, RMB111.3 million, RMB97.2 million, RMB47.9 million and RMB15.7 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

We intend to take the following initiatives to enhance our profitability and achieve sustainable business growth.

Driving Our Revenue Growth

We expect to drive our revenue growth through the following major measures:

- We intend to further deepen the penetration and adoption of our products and enlarge our market share in the downstream markets. Our products have been adopted by all of the top 10 domestic automotive OEMs in China in terms of sales volume in 2024, according to the F&S report. Based on such solid customer foundation, we expect to continue to solidify and enhance our relationship with these high-quality customers, which have stable and strong demand of automotive sensor SoC products. We will continue to collaborate closely with these customers and precisely address their demand through co-development, technology exchanges and other initiatives that promote synergistic partnership, and increase the adoption and procurement of our sensor SoCs in their downstream products. We also expect to promote the adoption of our products in overseas markets along with the overseas expansion initiatives of our customers.

- We intend to pursue growth opportunities with products of strong benefits and advanced features, including through the launch of innovative new products. Our revenue growth during the Track Record Period was largely driven by the overall competitiveness of our major products, and we expect such trend to continue. Going forward, we expect to drive our revenue growth with (1) the steady business expansion and further market penetration of our intelligent tire sensing SoCs; (2) the strong momentum of our BMS SoCs, which we expect will be further catalyzed by the commercialization of our wBMS SoCs; and (3) the continual sales growth of USI SoCs. We are the first and currently the only company in China with automotive-grade wBMS capabilities. According to the F&S report, the global market size of wBMS sensor SoCs by revenue is projected to expand from RMB0.1 billion in 2026 to RMB20.7 billion by 2030, at a CAGR of 270.2%. We also expect to expand our global customer base and enter into high-potential overseas markets and penetrate the application of our products into energy storage and industrial electronics scenarios of clear demand.

- We intend to continue to improve our products and sharpen our technology advantages as the cornerstone of our business success. Driven by our "Product-market Fit" principle and built upon our technology foundation, we will continue to develop and bring to market enhanced products that resonate with customer needs and industry trends, including meeting the evolving high industry standards for automotive-grade products. Specifically, we expect to leverage from the high modularity and scalability of our proprietary wireless sensor SoC platform to achieve more efficient R&D and our robust engineering capabilities to effectively realize mass production.

Improving Our Gross Margin

Our gross profit margin of different product lines fluctuated during the Track Record Period, due in part to our materials costs and processing costs, which were subject to supply chain changes. We are also subject to gross margin fluctuations due to the relatively small scale of our commercialization and sales, as our cost level and gross margin could be more volatile when we have relatively low sales volume. We expect to experience a natural improvement of our gross profit margin with the greater economies of scale of our business. We also intend to build a more stable, resilient and diversified supply chain to enhance our cost control. We have already established long collaborations with a number of leading foundries, and packaging and testing service providers with rich experience in automotive-grade products. Going forward, we intend to (1) maintain and strengthen our relationship with our existing suppliers to secure more favorable terms, including pricing term, and anchor stable production capacity; and (2) along with our business expansion, broaden, diversify and optimize our supply chain sources to attain other suppliers that can meet our needs in an efficient and satisfactory manner, and balance our reliance on certain major suppliers. We expect that we can obtain greater bargaining power in the course of our supply chain management along with our expanded operating scale and enhanced market position. Moreover, we expect to further improve the manufacturing techniques in respect of our products, as well as our engineering capabilities, to achieve enhanced manufacturing efficiency and optimization of our cost structure.

Enhancing Operating Efficiency

We believe that we have implemented effective management of our operating expenses in the past and we expect to continue to maintain and further enhance our operating efficiency and keep our operating expenses at a reasonable level commensurate with the needs of our business expansion.

With respect to our research and development costs, while R&D is the pillar of our competitive advantages and we expect to continue to devote significant resources to our R&D efforts, we also intend to focus on elevating the efficiency of our R&D activities and retaining a productive and outcome-oriented R&D team, to ensure that our R&D investment contributes to our business and commercial success. The average revenue of our R&D personnel increased from RMB0.7 million in 2022 to RMB1.6 million in 2023 and further to RMB3.0 million in 2024. In addition, as we make progress to a more advanced stage of commercialization of our products, we expect to enjoy a greater return on our R&D investment.

With respect to our selling and marketing costs, we have been maintaining a relatively low level of relevant spendings in the past, with selling and marketing costs representing 8.3%, 5.1%, 4.5%, 5.3% and 5.8% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. We expect that we will remain able to keep our selling and marketing costs at a relatively low level, thanks to the enhanced market recognition of our products and brand, the close collaboration and solid relationship with our customers and the robust downstream demand of our products.

With respect to our administrative expenses, we expect to maintain streamlined management team and general operations team and implement stringent control of relevant expenditures.

EMPLOYEES

As of June 30, 2025, we had 189 employees in China, among which 50 employees held a master's degree of above, accounting for 26.5% of our total employees. The following table sets forth a breakdown of our employees by function as of June 30, 2025.

	Number of employees	% of total
Research and development	97	51.3%
General administration and management	59	31.2%
Sales and marketing	22	11.6%
Quality control	11	5.8%
Total	**189**	**100.0%**

Our success deeply rests with our ability to attract, retain and motivate qualified talents, with the belief that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit talents, with high standards and rigorous procedures and through various methods, including online recruitment, internal referrals and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to various talent demands. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonus and promotion. In addition, we provide training programs to our employees, including corporate-wide and department-specific training to improve their professional knowledge and management skills and keep abreast with market developments.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, non-compete arrangements and grounds for termination. In addition, we generally enter into standard confidentiality agreements with our key employees. As required under PRC laws and regulations, we participate in and make contributions to social insurance, including pension, medical, maternity, work-related injury and unemployment and housing provident fund. During the Track Record Period, instead of making the contributions to the social insurance and housing provident funds on our own for certain employees, we engaged third-party agencies to make such contributions, which was not in strict compliance with applicable PRC laws and regulations. See "Risk Factors—Risks Relating to Our General Operations and Industry—Failure to pay social insurance premiums and housing provident funds on behalf of our employees in accordance with applicable laws and regulations may subject us to penalties."

None of our employees are currently represented by labor unions. We believe that 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

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance and housing provident fund as required by PRC laws and regulations.

However, in line with general market practice, we do not maintain any business interruption insurance or keyman life insurance, which are not mandatory under PRC laws. Other than product liability insurance and transportation insurance that covers the delivery of wafers, we generally do not maintain insurance policies covering damages to our products or our technological infrastructure. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured infrastructure or facilities could have a material adverse effect on our results of operations. See "Risk Factors—Risks Relating to Our General Operations and Industry—Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, results of operations and financial condition."

PROPERTIES

As of the Latest Practicable Date, we operated our business through 13 leased properties in Shanghai, Nanjing and other cities in China, with a total gross floor area of approximately 5,535.6 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as office premises for our business operations. Our lease agreements in respect of the abovementioned 13 leased properties generally have expiration dates ranging from September 2025 to December 2027. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. 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 (Cap. 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 our Group's interests in land or buildings.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. As of the Latest Practicable Date, we had not obtained lease registration for five of our leased properties in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. We will take all practicable and reasonable steps to ensure that such leases are registered. As advised by our PRC Legal Advisor, the lack of the abovementioned registration of the lease agreements will not affect the validity of such lease agreements, according to applicable PRC laws and regulations as of the Latest Practicable Date. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. Our PRC Legal Advisor have advised us that during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in full effect. In addition, as of the Latest Practicable Date, as advised by our PRC Legal Advisor, we do not anticipate any legal impediments in the renewal process of such licenses, permits and approvals as long as we meet the substantive and procedural requirements stipulated in the relevant PRC laws and regulations.

The following table sets out a list of material licenses, permits and approvals currently held by us.

License/permit/approval	Holder	Grant date	Expiry date
High-tech Enterprise Certificate . . .	Our Company	December 13, 2023	December 13, 2026
High-tech Enterprise Certificate . . .	Shanghai SENASIC	November 15, 2023	November 15, 2026
High-tech Enterprise Certificate . . .	Gainsil	December 26, 2024	December 26, 2027

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Awards and Recognition	Awarding Parties	Year of Award
Annual Automotive Supply Chain Breakthrough Award (年度汽車產業鏈突破獎)	Automotive Electronics Industry Investment Alliance (汽車電子產業投資聯盟)	2025
Golden Chip Award – Emerging Product (金芯獎–新銳產品獎)	Automotive Electronic Innovation Conference (汽車電子創新大會)	2025
Technology Contribution Award	Ampron	2025
Sensor Growth Value Award (感知成長價值獎)	Sensor China	2025
Jiangsu Provincial Gazelle Enterprise (江蘇省瞪羚企業).	Productivity Center of Jiangsu Province (江蘇省生產力促進中心)	2024
National High-tech Enterprise (國家級專精特新小巨人企業).	The MIIT	2023
National High-tech Corporation (國家高新技術企業)	Jiangsu Provincial Department of Science and Technology; Jiangsu Provincial Department of Finance; State Administration of Taxation, Jiangsu Provincial Taxation Bureau (江蘇省科學技術廳、財政廳、國家税務總局江蘇省税務局)	2023
Jiangsu Provincial Engineering Research Center for Low-power, High-Precision Automotive-grade Sensor Chips (江蘇省低功耗高精度車規級傳感芯片工程技術研究中心).	Jiangsu Provincial Department of Science and Technology (江蘇科學技術廳)	2023
Jiangsu Province Special Funded Program for Transformation of Scientific and Technological Achievements (江蘇省科技成果轉化專項資金項目)	Jiangsu Provincial Department of Finance; Jiangsu Provincial Department of Science and Technology (江蘇省財政廳、江蘇省科學技術廳)	2023
"China IC" Spark Award for Emerging Products ("中國芯"芯火新銳產品獎)	China Center for Information Industry Development	2023
Specialized, Sophisticated, Distinctive and Novel Small and Medium Enterprises of Jiangsu Province (江蘇省專精特新中小企業).	Industry and Information Technology Department of Jiangsu (江蘇省工業和信息化廳)	2022

Awards and Recognition	Awarding Parties	Year of Award
China IC Unicorn Company (中國IC獨角獸企業)	CCID Consulting; XHP Semi (賽迪顧問股份有限公司、北京芯合匯科技有限公司)	2022
2022 China Automotive New Supply Chain Top 100 (2022中國汽車新供應鏈百強)	GASGOO Awards	2022

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We have been and may from time to time continue to be, a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of the Directors which could have a material and adverse effect on our financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings against us or any of the Directors which had caused a material and adverse effect on our business, results of operations or financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition. 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 PRC laws and regulations in all material respects.

DATA SECURITY AND PRIVACY

In the course of our business, we collect, store and process business data and transaction data. As we only make transactions with enterprises, we do not collect or process personal data. We believe that the confidentiality, integrity and availability of data are vital to our business operations. To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

We have established clear and detailed protocols that govern the use, storage and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. We also conducted regular data security training for employees to strengthen their data security awareness. Our employees are required to sign confidentiality agreements as part of their employment, which strictly prohibit the unauthorized disclosure of any company-related confidential information. This policy ensures that our employees understand the critical nature of safeguarding company data and are held accountable for maintaining confidentiality. To safeguard against data loss, we have implemented a robust backup system that stores data in multiple locations. For our core business data, we have established primary and backup redundancy systems. We implement multi-tiered security backups to ensure data integrity and uninterrupted business continuity. Multiple backup copies of data are stored across different locations, ensuring that data can be quickly restored in the event of any technical issues, natural disasters, or unforeseen circumstances.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we experience any material unauthorized use of customers' or distributors' personal information.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We believe the effective management of environmental, social and corporate governance ("ESG") matters is important to our long-term success. We are committed to promoting long-term growth in a prudent and responsible manner, and regard ESG as an integral component of both value creation and risk management.

ESG Governance

We have established a systematic ESG governance framework to ensure that ESG considerations are effectively integrated into our strategy, risk management and operations. Our Board assumes ultimate oversight of ESG matters, regularly reviews material issues, assesses potential business and financial impacts and guides risk response measures. Our Board also conducts regular reviews of ESG-related risks and opportunities and provides guidance on the formulation of corresponding response measures. Our Board oversees areas such as ethics, environmental compliance, supply chain management and employee development, ensuring that related risks and opportunities are addressed effectively. Regular ESG reporting and training are arranged to help our Board stay informed of emerging risks, regulatory changes and global sustainability trends.

We have also established internal control mechanisms covering ESG policy implementation, target progression, disclosure and performance evaluation, and we continue to refine governance arrangements with business development and regulatory requirements. We will further enhance our Board and management oversight of ESG matters and refine governance and execution processes to strengthen overall sustainability management.

Environmental Protection

We integrate environmental management into daily operations to improve resource efficiency, ensure compliance and control risks. Although we do not operate production facilities or engage in manufacturing, we remain cautious about potential environmental impacts from our office-based and indirect operations. We align with local environmental regulations and industry standards and have established a tailored management system to oversee resource use and environmental risks across research, office and supply chain activities.

Energy use from office operations mainly comes from lighting, air conditioning, printing and other office equipment. We manage these through energy-saving measures to control carbon emissions and improve equipment efficiency, while ensuring adequate indoor ventilation to eliminate the risk of excessive air pollutant emissions. Our wastewater discharge mainly comes from daily domestic water use in office areas and does not involve industrial or laboratory wastewater. All domestic sewage is collected by the property management system and connected to the municipal drainage network for treatment by qualified third-party operators. Our solid waste mainly consists of office refuse, general packaging materials and small amounts of nonhazardous electronic consumables such as toner cartridges and discarded circuit boards. We have established a management process covering collection, classification, temporary storage and outsourced disposal, with our general affairs department taking the lead for maintaining waste records and overseeing qualified third-party disposal providers.

Social Responsibility

Employee rights and benefits

We have established a comprehensive benefits system to safeguard the health and well-being of our employees. This includes full contributions to statutory social insurance and housing funds and annual health checkups. In addition, we offer a variety of welfare programs, including holiday allowances, birthday benefits and team-building subsidies.

In terms of compensation, we have implemented a structured incentive system that covers performance bonuses, position allowances and long-term incentive plans. This ensures a fair, transparent and competitive remuneration framework that balances market competitiveness with internal motivation. Our workplaces are primarily office based, with low operational risks. Comprehensive safety measures are in place to comply with occupational health and safety standards.

We place strong emphasis on employee development and career growth through a structured training system covering onboarding, skills enhancement, professional expertise and leadership development. We also promote diversity and inclusion by ensuring fair and transparent recruitment practices.

Supply chain management

We have established comprehensive policies and procedures to promote a sustainable supply chain. Supplier assessments include due diligence through document reviews and on-site audits, covering qualifications, financial condition, technical capabilities and reputation. All suppliers are required to comply with our supply chain policies and admission procedures. To ensure integrity, compliance, environmental protection and quality, we require all of our tier 1 and selected tier 2 suppliers to sign binding commitment documents. In relation to business ethics, we have established an anti-bribery compliance system that requires suppliers to sign an integrity agreement, explicitly prohibiting all forms of bribery, kickbacks and improper benefits. An independent reporting channel is in place, and any verified misconduct will result in immediate termination of cooperation and legal accountability, ensuring enforceability and accountability of our integrity management system.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. We have adopted internal rules and policies governing various aspects of our business operations and management, such as our sales practices, procurement, production, information system, legal compliance, financial reporting and human resources.

We have engaged an independent internal control consultant to perform an initial review in July 2025 in selected areas of our internal controls, including, among others, financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, cash and treasury management, assets management, research and development, information technology general controls and compliance management. Our internal control consultant put forward recommendations based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up review on our remedial measures in August 2025 and did not identify any material deficiencies in our internal control system. Having considered the report prepared by our internal control consultant, our Directors confirmed that all of the major recommendations provided by the internal control consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

We have appointed Maxa Capital Limited as our external compliance advisor with effect from the date of the [**REDACTED**] to advise on ongoing compliance with the [**REDACTED**] and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the ordinary course of our business operations. Key operational risks faced by us include, among others, our ability to respond to technological changes, competition in the relevant industries, our ability to retain and grow our customer base and usage, our ability to enhance or upgrade our existing products and introduce new ones, our ability to maintain and expand our sales and distribution network and our ability to successfully expand to and develop market recognition in downstream industry sectors. See "Risk Factors" for disclosures on various risks we face. In addition, we also face certain market risks, such as credit risk, liquidity risk and interest rate risk related to our financials. See "Financial Information—Quantitative and Qualitative Disclosure of Market Risks" for details. We have implemented policies and procedures for risk management in each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, employee conduct and legal compliance. Our Board oversees and manages the overall risks associated with our operations. We have established an Audit Committee to review and supervise the financial reporting process and internal control system of our Group. See "Directors and Senior Management—Board Committees—Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our Audit Committee.

OVERVIEW

Dr. Li, our founder, chairman, executive Director and chief executive officer, and Mr. Li, our founder and executive Director, have acted in concert with each other since our establishment. To formalize their cooperation as Shareholders in achieving the shared goals and objective of our Group, in October 2020 and August 2025, Dr. Li and Mr. Li entered into the concert party agreement, pursuant to which, Dr. Li and Mr. Li confirmed and agreed that, during the period in which any party directly or indirectly holds or controls any Shares of our Company until termination by their mutual consent, they will act in concert when exercising their shareholder rights as Shareholders of our Company. As of the Latest Practicable Date, Dr. Li and Mr. Li, by virtue of the acting-in-concert arrangement, were collectively interested in approximately controlled 32.25% of our total issued share capital, comprising: (1) approximately 10.48% of our total issued share capital directly held by Dr. Li; (2) approximately 4.17% of our total issued share capital directly held by Mr. Li; (3) approximately 9.10% and 7.63% of our total issued share capital controlled by Dr. Li through Shanghai Chuangyingrui and Shanghai Ruixinchuang, respectively, both of which are our ESOP Platforms and controlled by Dr. Li; and (4) approximately 0.87% of our total issued share capital controlled by Dr. Li through Gongqingcheng SENASIC. See "History, Development and Corporate Structure—Concert Party Arrangement" for details.

Upon the [**REDACTED**], and assuming the [**REDACTED**] is not exercised, Dr. Li and Mr. Li will be entitled to, directly and indirectly through Shanghai Chuangyingrui, Shanghai Ruixinchuang, Shanghai Yaojun and Gongqingcheng SENASIC, exercise [**REDACTED**]% voting rights in our Company. Therefore, upon the [**REDACTED**], Dr. Li, Mr. Li, Shanghai Chuangyingrui, Shanghai Ruixinchuang, Shanghai Yaojun and Gongqingcheng SENASIC will become our Single Largest Group of Shareholders.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Single Largest Group of Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [**REDACTED**], our Board will comprise of four executive Directors, two non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for more information.

Our Directors believe that our Board and senior management are able to manage our business and function independently from our Single Largest Group of Shareholders based on the following reasons:

(1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(3) we have three independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and our Articles of Association and internal policies;

(4) our daily management and operations are carried out by our senior management team. Except Dr. Li and Mr. Li, our senior management team members are independent from our Single Largest Group of Shareholders, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group;

(5) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. See "—Corporate Governance."

Operation Independence

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal control procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Single Largest Group of Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our Single Largest Group of Shareholders and their close associates.

Financial Independence

We have an independent financial system. Our Group's accounting and finance functions are independent of our Single Largest Group of Shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from our Single Largest Group of Shareholders and their close associates. We do not share any other functions or resources with any of our Single Largest Group of Shareholders or their close associates.

During the Track Record Period, we primarily financed our business operations through cash generated from our business activities and equity financing activities. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from our Single Largest Group of Shareholders or any of their respective close associates.

Based on the above, our Directors believe that our Group is able to operate with financial independence from our Single Largest Group of Shareholders and their close associates.

CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Single Largest Group of Shareholders and safeguard the interest of our Shareholders, including:

(1) where a general meeting of our Company is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their close associates has a material interest, our Single Largest Group of Shareholders will abstain from voting on the resolutions and shall not be counted in the quorum in the voting;

(2) our Company has established internal control mechanism to identify connected transactions. After the [**REDACTED**], our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professionals will be made at our Company's expense;

(4) we have appointed Maxa Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(5) we have established the audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(6) our Single Largest Group of Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Single Largest Group of Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

OVERVIEW

Upon the [**REDACTED**], the Board will consist of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The Board is responsible, and has general authority for, the management and operation of our Company. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. Our senior management is responsible for the day-to-day operations of our Company. As of the Latest Practicable Date, we do not have any supervisors.

All of the Directors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

DIRECTORS

The following table sets forth certain information regarding the members of our Board.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Executive Directors						
Dr. Li Mengxiong (李夢雄)	48	Chairman of the Board, executive Director and chief executive officer	March 2015	March 2015	Responsible for the overall strategic planning, business direction and management of our Group	N/A
Mr. Zhu Shouteng (朱守騰)	42	Executive Director and president	July 2018	June 2023	Responsible for the product line management and the sales and marketing	N/A
Mr. Li Shuguang (李曙光)	48	Executive Director and vice president	September 2015	September 2015	Responsible for overseeing the product research and development and the quality management systems of our Group	N/A
Ms. Xu Hongru (徐紅如)	45	Executive Director	September 2015	June 2017	Responsible for overseeing the research and development of chips and managing technical coordination with external fabrication partners	N/A
Non-executive Directors						
Mr. Ju Hua (鞠樺)	32	Non-executive Director	August 2025	August 2025	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Mr. Sha Chongjiu (沙重九)	60	Non-executive Director	October 2020	October 2020	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	N/A
Independent non-executive Directors						
Mr. Chu Xiaowen (褚曉文)	47	Independent non-executive Director	August 2025	August 2025	Responsible for providing independent advice on the operations and management of our Group	N/A
Mr. Jie Donghui (揭東輝)	49	Independent non-executive Director	August 2025	August 2025	Responsible for providing independent advice on the operations and management of our Group	N/A
Ms. Cheung Suet Fong (張雪芳)	42	Independent non-executive Director	August 2025	August 2025	Responsible for providing independent advice on the operations and management of our Group	N/A

Executive Directors

Dr. Li Mengxiong (李夢雄), aged 48, is the chairman of the Board, an executive Director and the chief executive officer of our Company. Dr. Li has served as the Director and the chief executive officer of our Company since its establishment and he was redesignated as an executive Director in August 2025, responsible for the overall strategic planning, business direction and management of our Group. Dr. Li has also served as a director of certain subsidiaries of our Company, including (i) the executive director of Shanghai SENASIC Electronic Technology Co., Ltd. (上海琻捷電子科技有限公司) since February 2022, (ii) the director of HongKong SENASIC Electronic Limited since April 2025, and (iii) the director and general manager of Shanghai Xinruichuang Electronics Technology Co., Ltd. (上海芯銳創電子科技有限公司), responsible for the daily operations and management.

Dr. Li has over 20 years of experience in the semiconductor industry. Prior to founding our Group Dr. Li had worked for several reputable semiconductor companies. From January 2002 to September 2003, Dr. Li served as an engineer in OKI Techno Center (Singapore) Pte Ltd. Subsequently, Dr. Li worked at SEQUANS Communications, a leading semiconductor company whose shares are listed on the New York Stock Exchange (Ticker: SQNS). Dr. Li later worked at SENSATA Technologies Group in the United Kingdom until November 2014, a global industrial technology company experienced in mission-critical design and innovation of sensor-rich solutions, whose shares are listed on the New York Stock Exchange (Ticker: ST), where he was responsible for design and served as a design staff at the end of his tenure.

Dr. Li obtained a bachelor's degree in microelectronics and a master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in the PRC in July 1998 and July 2001, respectively. He further obtained a doctoral degree in the School of Electrical and Electronic Engineering of the University of Nottingham in December 2007.

Mr. Zhu Shouteng (朱守騰), aged 42, is an executive Director and the president of our Company. He joined our Company in July 2018 and was appointed as a Director in June 2023. Mr. Zhu was redesignated as an executive Director in August 2025, responsible for the product line management and the sales and marketing of our Group.

Mr. Zhu has substantial experience in the semiconductor industry. Prior to joining our Group, from December 2005 to August 2006, Mr. Zhu worked at Nanjing Guoxian Electronics Co., Ltd. (南京國顯電子公司), a company primarily engaged in the development of electronic display products. From October 2007 to July 2016, he successively served as a sales manager in Shanghai Samsung Semiconductor Co., Ltd. (上海三星半導體有限公司), a company primarily engaged in the sales and support of semiconductor products. From March 2017 to June 2018, he served as a sales director in Shenzhen Sinox Electronics Co., Ltd. (深圳思諾信電子有限公司), a company primarily engaged in the distribution of electronic components, where he was responsible for sales and marketing.

Mr. Zhu obtained a bachelor's degree in electronic information engineering from Anhui University of Technology and Science (安徽工程科技學院), the predecessor of Anhui Polytechnic University (安徽工程大學) in the PRC in July 2005.

Mr. Li Shuguang (李曙光), aged 48, is an executive Director and the vice president of our Company. Mr. Li served as our deputy general manager from October 2015 to October 2024 and was appointed as our director of quality control in October 2024. He was appointed as a Director in September 2015 and was redesignated as an executive Director in August 2025, responsible for overseeing the product research and development and the quality management systems of our Group.

Mr. Li has over 24 years of experience in the semiconductor and wireless communications industries. Prior to founding our Group, he worked at Alcatel Telecom Software Development (Shanghai) Co., Ltd. (阿爾卡特電訊軟件開發(上海)有限公司) from July 2001 to December 2001 and a design engineer at OKI Techno Centre (Singapore) Pte Ltd. from February 2002 to April 2004, both companies primarily engaged in the design and development of telecommunications software and wireless communication technologies, where he was responsible for product design and development. From April 2004 to September 2015, he worked at Qualcomm (Shanghai) Co., Ltd. (高通企業管理(上海)有限公司), a company primarily engaged in the design, development and sales of chips, where he was responsible for product design, development and management and he served as senior staff engineer at the end of his tenure.

Mr. Li obtained a bachelor's degree in microelectronics and further obtained a master's degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in the PRC in July 1998 and July 2001, respectively.

Mr. Li was accredited as a senior engineer (高級工程師) in December 2018 by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局).

Ms. Xu Hongru (徐紅如), aged 45, is an executive Director. Ms. Xu joined our Company in September 2015 and has served as our director of research and development of chips since then. Ms. Xu was appointed as a Director in June 2017. She was redesignated as an executive Director in August 2025. Ms. Xu is responsible for overseeing the research and development of chips and managing technical coordination with external fabrication partners. Since May 2022, Ms. Xu has also served as a supervisor of Juxun Semiconductor Technology (Shanghai) Co., Ltd. (聚洵半導體科技(上海)有限公司), our wholly-owned subsidiary, responsible for supervision on its operations.

Ms. Xu has over 21 years of experience in the semiconductor industry. Prior to joining our Group, from June 2004 to April 2006, Ms. Xu worked at Hangzhou Silan Microelectronics Co., Ltd. (杭州士蘭微電子股份有限公司), a company primarily engaged in the design of IC chip and the manufacturing of semiconductor microelectronics-related products, whose shares are listed on the Shanghai Stock Exchange (Stock code: 600460). From April 2006 and January 2010, she worked at ISSI (Shanghai) Co., Ltd. (芯成半導體(上海)有限公司), a company primarily engaged in the design, manufacture and sales of integrated circuit products, where she was responsible for digital circuit and system design of chips and served as senior staff engineer at the end of her tenure. From January 2010 to April 2014, she was a logic design manager in Giantec Semiconductor (聚辰半導體股份有限公司, formerly known as Giantec Semiconductor (Shanghai) Co., Ltd. (聚辰半導體(上海)有限公司), a company primarily engaged in the research and development, manufacture and sales of integrated circuits products, whose shares are listed on the Shanghai Stock Exchange (Stock code: 688123). From April 2014 to September 2016, she was a senior design engineer at UNISOC (Shanghai) Co., Ltd. (展訊通信(上海)有限公司), where she was responsible for research and development as well as design of chips.

Ms. Xu obtained a master's degree in engineering from Xidian University (西安電子科技大學) in the PRC in March 2004.

Ms. Xu was accredited as a senior engineer (高級工程師) in December 2018 by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局).

Non-executive Directors

Mr. Ju Hua (鞠樺), aged 32, is a non-executive Director. Mr. Ju joined our Company and was appointed as a non-executive Director in August 2025, responsible for the strategic oversight and corporate governance of our Group.

Mr. Ju has over 5 years of experience in equity investment. Prior to joining our Group, from December 2019 to October 2020, Mr. Ju was a project manager at Shanghai Chengtong Equity Investment Fund Management Co., Ltd. (上海誠通股權投資基金管理有限公司), a company primarily engaged in private equity investment and fund management, where he was responsible for fundraising and investment. Since November 2020, he served as a director at Chengtong Mixed Reform Private Fund Management Co., Ltd. (誠通混改私募基金管理有限公司), a company primarily engaged in private equity investment and fund management, where he is responsible for investment management.

Mr. Ju obtained a master's degree in accounting from Temple University in the U.S. in December 2017.

Mr. Ju obtained the Fund Practitioner Qualification Certificate (基金從業資格證) issued by the Asset Management Association of China (中國證券投資基金業協會) in March 2019.

Mr. Sha Chongjiu (沙重九), aged 60, is a non-executive Director. Mr. Sha joined our Company and was appointed as a Director in October 2020. He was redesignated as a non-executive Director in August 2025, responsible for the overall strategic planning, business direction and management of our Group.

Mr. Sha has over 26 years of experience in investment in Technology, Media, Telecom (TMT) industry, especially in the fields of semiconductor design and key components, including but not limited to the participation in the investment in Union Optech Co., Ltd. (中山聯合光電科技股份有限公司) as a director from December 2014 to December 2020, whose shares are listed on the Shenzhen Stock Exchange (Stock code: 300691), and Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司) as a director from April 2013 to March 2019, whose shares are listed on the Shenzhen Stock Exchange (Stock code: 300613). From April 1999 to April 2001, he worked at Legend Holdings Corporation (聯想控股股份有限公司). From May 2001 to April 2002, and again from June 2002 to April 2004, he worked at Legend Capital Limited (聯想投資有限公司). He served as a managing director in Legend Capital Co., Ltd. (君聯資本管理股份有限公司) from April 2001 to March 2019, a director in Hai Feng Investment Holding Limited (海風投資有限公司), one of our Shareholders, since January 2019, and he has served as a managing director in SL Capital (無錫君海聯芯投資管理有限公司) since April 2019, where he was responsible for investment management.

Mr. Sha obtained a bachelor's degree in metallurgical machinery from Beijing Iron and Steel Institute Branch (北京鋼鐵學院分院, the predecessor of Shougang Institute of Technology (首鋼工學院) in the PRC in July 1987, and a master's degree in business administration from Peking University (北京大學) in the PRC in July 1998.

Mr. Sha served as a director of Beijing Aiermu Technology Co., Ltd. (北京愛耳目科技有限公司), which was established on February 28, 2014 engaging in cloud-based video development business and was dissolved by striking off on March 20, 2024. Based on public search and as confirmed by Mr. Sha, it was dissolved due to such company's failure to conduct its annual report filing and cessation of business. To the best of knowledge of our Directors, there was no proceeding or finding of fraud, dishonesty, misconduct or wrongful act on the part of Mr. Sha for such dissolution.

Independent Non-executive Directors

Dr. Chu Xiaowen (褚曉文), aged 47, is an independent non-executive Director of our Company. Dr. Chu joined our Company and was appointed as an independent non-executive Director in August 2025, responsible for providing independent advice on the operations and management of our Group.

Dr. Chu has over 21 years of experience in higher education and academic research. Prior to joining our Company, Dr. Chu held various academic positions including an assistant professor, an associate professor, a professor, and the Associate Head of Department of Computer Science of Hong Kong Baptist University from September 2003 to August 2021, and he has served as a professor at The Hong Kong University of Science and Technology (Guangzhou) since September 2021, where he is responsible for teaching and research in the field of Data Science and Analytics.

Dr. Chu obtained a bachelor's degree in computer science and technology from Tsinghua University (清華大學) in the PRC in July 1999 and a doctoral degree in computer science from The Hong Kong University of Science and Technology in Hong Kong in November 2003.

Mr. Jie Donghui (揭東輝), aged 49, is an independent non-executive Director. Mr. Jie joined our Company and was appointed as an independent non-executive Director in August 2025. Mr. Jie is responsible for providing independent advice on the operations and management of our Group.

Mr. Jie has extensive experience in artificial intelligence industry. Prior to joining our Company, from January 2015 to January 2019, Mr. Jie served as a vice president in Shanghai Xiangting Culture Propagation Limited (上海想聽文化傳播有限公司), a company primarily engaged in the operation of online audio platforms, where he was responsible for the artificial intelligence hardware. From May 2017 to December 2020, he held various positions including served as a software architect and the vice president of smart ecosystem during his tenure in Baidu (China) Co., Ltd. (百度(中國)有限公司), where he was responsible for application of artificial intelligence. From January 2021 to May 2025, he worked at Shanghai Xiaodu Technology Co., Ltd. (上海小度技術有限公司), a company primarily engaged in artificial intelligence technology, and he worked at Manpower Enterprise Management Consulting (Shanghai) Co., Ltd. since June 2025.

Mr. Jie obtained a bachelor's degree in microelectronics from Fudan University (復旦大學) in the PRC in July 1998.

Mr. Jie served as a director of TpTech Limited (香港訊星科技有限公司) prior to its dissolution. Based on public search and Mr. Jie's confirmation, such company was established on July 15, 2013 and was dissolved by striking off on March 17, 2017 due to its failure to conduct annual inspection and cessation of business. To the best of knowledge of our Directors, there was no proceeding or finding of fraud, dishonesty, misconduct or wrongful act on the part of Mr. Jie for such dissolution.

Ms. Cheung Suet Fong (張雪芳), aged 42, is an independent non-executive Director. Ms. Cheung joined our Company and was appointed as an independent non-executive Director in August 2025, responsible for providing independent advice on the operations and management of our Group.

Ms. Cheung has over 20 years of experience in accounting. Prior to joining our Company, Ms. Cheung has served as an associate partner in Prime & Co. Certified Public Accountants since June 2005, where she was responsible for consultancy, accounting, auditing and taxation-related works.

Ms. Cheung obtained a bachelor's degree in business administration in accounting from Hong Kong University of Science and Technology in Hong Kong in November 2005.

Ms. Cheung is a certified public accountant of Accounting and Financial Reporting Council since January 2025.

SENIOR MANAGEMENT

Dr. Li Mengxiong (李夢雄), aged 48, is the chairman of the Board, an executive Director and the chief executive officer of our Company. See "—Directors—Executive Directors" for his biographical details.

Mr. Zhu Shouteng (朱守騰), aged 42, is an executive Director and the president of our Company. See "—Directors—Executive Directors" for his biographical details.

Ms. Xu Hongru (徐紅如), aged 45, is an executive Director of our Company. See "—Directors—Executive Directors" for her biographical details.

Mr. Li Shuguang (李曙光), aged 48, is an executive Director and the vice president of our Company. See "—Directors—Executive Directors" for his biographical details.

Ms. Xu Yalei (許雅蕾), aged 32, is the chief financial officer and Board secretary of our Company. Ms. Xu joined our Company and has served as the Board secretary since March 2022. Ms. Xu was appointed as the chief financial officer of our Company in October 2024 and was appointed as our joint company secretary in August 2025, responsible for overseeing our Company's overall financial management, capital market affairs, legal affairs and internal control.

Ms. Xu has over 10 years of experience in the financial services industry and in the investment and finance management related to the semiconductor industry. Prior to joining our Company, Ms. Xu worked as a private equity investor at SL Capital (無錫君海聯芯投資管理有限公司), a semiconductor focused investment firm jointly managed by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) and SK Group.

Ms. Xu obtained a master's degree in business administration with a concentration in finance from China Europe International Business School (中歐國際工商學院) in the PRC in April 2019.

Ms. Xu obtained the Fund Practitioner Qualification Certificate (基金從業資格證) issued by the Asset Management Association of China (中國證券投資基金業協會) in January 2020.

Save as disclosed in this section, none of our Directors and senior management held directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed in this section, there were no other matters relating to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Please refer to "4. Disclosure of Interests" in Appendix IV to this document for the interests of our Directors and chief executive in our Shares within the meaning of Part XV of the SFO.

JOINT COMPANY SECRETARIES

Ms. Xu Yalei (許雅蕾) was appointed as one of our joint company secretaries since August 2025. Ms. Xu is the chief financial officer and board secretary of our Company. For details, see "—Senior Management."

Ms. Shum Kit Han (岑潔嫻) was appointed as one of our joint company secretaries since August 2025. She currently serves as a manager from Company Secretarial Services of Vistra Group. She is responsible for providing company secretarial and compliances services to listed companies.

Ms. Shum has over 10 years of experience in company secretary and corporate governance field. She obtained her master's degree in professional accounting and corporate governance in July 2015 and her bachelor's degree in English for professional communication in November 2005, both from the City University of Hong Kong. She also obtained her executive diploma in anti-money laundering and counter-terrorist financing from the University of Hong Kong School of Professional and Continuing Education in October 2022, and a diploma in Spanish as a foreign language in September 2023.

Ms. Shum is a fellow member of the Hong Kong Chartered Governance Institute; a Chartered Secretary, a Chartered Governance Professional and a fellow member of The Chartered Governance Institute in the United Kingdom, and a member of the executive committee of the Mexican Chamber of Commerce in Hong Kong.

BOARD COMMITTEES

Our Company has established three committees under the Board, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

The Audit Committee consists of three Directors, namely Ms. Cheung Suet Fong, Mr. Jie Donghui and Mr. Chu Xiaowen, with Ms. Cheung Suet Fong currently serving as the chairman. Ms. Cheung Suet Fong has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure, risk management and internal control system of our Group and has the terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Jie Donghui, Mr. Chu Xiaowen and Dr. Li, with Mr. Jie Donghui currently serving as the chairman. The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration policies for Directors and senior management of our Group and making recommendations thereon to the Board and has the terms of reference in compliance with relevant laws and regulations of the PRC and paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Nomination Committee

The Nomination Committee consists of three Directors, namely Dr. Li, Mr. Jie Donghui and Ms. Cheung Suet Fong, with Dr. Li currently serving as the chairlady. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board qualified candidates to serve as the Directors and senior management and monitoring the procedures for evaluating the performance of the Board and has the terms of reference in compliance with the relevant laws and regulations of the PRC and paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

DIVERSITY POLICY OF THE BOARD

The Board has adopted a board diversity policy (the "Board Diversity Policy") in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting, robot technology and law. Our Board is of the view that our Board satisfies the Board Diversity Policy. Two of our Directors are female. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing the diversity of the Board. After [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Save as disclosed below, our Group is expected to comply with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive. Dr. Li currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within our Company, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager of our Company at a time when it is appropriate by taking into account the circumstances of our Company as a whole.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of the Directors and members of the senior management of our Company are determined by the Shareholders' meetings and the Board as appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and the Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Our Company offers executive Directors and senior management members, who are our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid to the Directors for the three years ended December 31, 2024 and the six months ended June 30, 2025, were RMB2.8 million, RMB4.3 million, RMB4.4 million and RMB1.8 million, respectively.

The aggregate amounts of remuneration paid to the five highest paid individuals, excluding Directors and chief executive, for the three years ended December 31, 2024 and the six months ended June 30, 2025, were RMB9.4 million, RMB10.9 million, RMB9.9 million and RMB5.1 million, respectively.

It is estimated that remuneration equivalent to approximately RMB4.7 million in aggregate will be paid to the Directors by our Company for the year ending [**REDACTED**], based on the arrangements in force as of the date of the document.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

Our Company appointed Maxa Capital Limited as the compliance advisor pursuant to Rules 3A.19 of the Listing Rules, and the compliance advisor will advise our Company as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in 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, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the [**REDACTED**] of the [**REDACTED**] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the [**REDACTED**] of the Shares, the possible development of a false market in the Shares or any other matters.

Pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The compliance advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The terms of the appointment of the compliance advisor will commence on the [**REDACTED**] Date and end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the [**REDACTED**] Date.

CORE R&D TEAM MEMBERS

For further details of the experience of our core R&D team members, see "Business—Research and Development—Our R&D Team and Core Members" in this document.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that, as of the Latest Practicable Date, he or she did not have any interest in any business which competes, or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 29, 2025; and (2) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (1) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (2) that he/she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (3) that there are no other factors that may affect his/her independence at the time of his/her appointment.

To the best of our Directors' knowledge and information, the following persons will, immediately following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Shareholder	**Nature of interest**	**Number of Unlisted Shares**	**Approximate percentage of shareholding in the total issued share capital of our Company**	**Number of Shares[3]**	**Description of Shares**	**Approximate percentage of shareholding in the total issued share capital of our Company**
Dr. Li	Beneficial owner	34,130,460	10.48%	[REDACTED]	H Shares	[REDACTED]
	Interest in controlled corporation[1][4][5]	57,301,400	17.60%	[REDACTED]	H Shares	[REDACTED]
	Interest held jointly with another person[2]	13,586,460	4.17%	[REDACTED]	H Shares	[REDACTED]
Mr. Li	Beneficial owner	13,586,460	4.17%	[REDACTED]	H Shares	[REDACTED]
	Interest held jointly with another person[2]	91,431,860	28.08%	[REDACTED]	H Shares	[REDACTED]
Shanghai Chuangyingrui .	Beneficial owner[1]	29,631,720	9.10%	[REDACTED]	H Shares	[REDACTED]
Shanghai Yaojun Management Consulting Co., Ltd. (上海曜駿管理諮詢有限公司)	Interest in controlled corporation[4]	32,462,700	9.97%	[REDACTED]	H Shares	[REDACTED]
	Interest in controlled corporation[5]	24,838,700	7.63%	[REDACTED]	H Shares	[REDACTED]
Shanghai Yingzhixin Enterprise Management Partnership Enterprise (Limited Partnership) (上海英之芯企業管理合夥企業(有限合夥)) . . .	Interest in controlled corporation[4]	29,631,720	9.10%	[REDACTED]	H Shares	[REDACTED]
Zhu Shouteng (朱守騰) .	Interest in controlled corporation[4]	29,631,720	9.10%	[REDACTED]	H Shares	[REDACTED]
Shanghai Ruizhichuang Enterprise Management Partnership Enterprise (Limited Partnership) (上海鋭之創企業管理合夥企業(有限合夥)) . . .	Interest in controlled corporation[4]	29,631,720	9.10%	[REDACTED]	H Shares	[REDACTED]
Shanghai Ruixinchuang .	Beneficial owner[1]	24,838,700	7.63%	[REDACTED]	H Shares	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Shareholder	Nature of interest	Number of Unlisted Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares(3)	Description of Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Shanghai Ruizhixin Enterprise Management Partnership Enterprise (Limited Partnership) (上海銳之芯企業管理合夥企業(有限合夥)) . . .	Interest in controlled corporation(5)	24,838,700	7.63%	**[REDACTED]**	H Shares	**[REDACTED]**
Xu Hongru (徐紅如) . . .	Interest in controlled corporation(5)	24,838,700	7.63%	**[REDACTED]**	H Shares	**[REDACTED]**
Shanghai Ruizhiying Enterprise Management Partnership Enterprise (Limited Partnership) (上海銳之英企業管理合夥企業(有限合夥)) . . .	Interest in controlled corporation(5)	24,838,700	7.63%	**[REDACTED]**	H Shares	**[REDACTED]**
Hai Feng Investment . . .	Beneficial owner(6)	20,963,160	6.44%	**[REDACTED]**	H Shares	**[REDACTED]**

(1) As of the Latest Practicable Date, Dr. Li acted as the general partner of each of Shanghai Chuangyingrui, Shanghai Ruixinchuang and Gongqingcheng SENASIC. Under the SFO, Dr. Li is deemed to be interested in the entire Shares held by each of Shanghai Chuangyingrui, Shanghai Ruixinchuang and Gongqingcheng SENASIC.

(2) Dr. Li and Mr. Li are acting in concert. Under the SFO, each of Dr. Li and Mr. Li is deemed to be interested in the entire interest held by each other.

(3) The number of Shares is presented based on the assumption that the Share Subdivision is completed.

(4) The general partner of Shanghai Chuangyingrui and Gongqingcheng SENASIC is Shanghai Yaojun Management Consulting Co., Ltd., which is wholly owned by Dr. Li. Shanghai Yingzhixin Enterprise Management Partnership Enterprise (Limited Partnership) and Shanghai Ruizhichuang Enterprise Management Partnership Enterprise (Limited Partnership) holds approximately 40.88% and 32.30% limited partnerships in Shanghai Chuangyingrui, respectively. Shanghai Yingzhixin Enterprise Management Partnership Enterprise (Limited Partnership) is controlled by Shanghai Yaojun Management Consulting Co., Ltd., its general partner, and is owned as to 80.92% by Zhu Shouteng, one of its limited partners. Shanghai Ruizhichuang Enterprise Management Partnership Enterprise (Limited Partnership) is controlled by Shanghai Yaojun Management Consulting Co., Ltd., its general partner, and is owned as to 89.17% by Dr. Li, one of its limited partners. Save as disclosed above, no other limited partners holds more than one third of limited partnership in the foregoing limited partnership. As such, each of Shanghai Yaojun Management Consulting Co., Ltd., Shanghai Yingzhixin Enterprise Management Partnership Enterprise (Limited Partnership), Zhu Shouteng, Shanghai Ruizhichuang Enterprise Management Partnership Enterprise (Limited Partnership) and Dr. Li is deemed to be interested in the Shares held by Shanghai Chuangyingrui under the SFO.

(5) The general partner of Shanghai Ruixinchuang is Shanghai Yaojun Management Consulting Co., Ltd. Shanghai Ruizhixin Enterprise Management Partnership Enterprise (Limited Partnership) and Shanghai Ruizhiying Enterprise Management Partnership Enterprise (Limited Partnership) holds 66.31% and 33.69% limited partnership of Shanghai Ruixinchuang, respectively. Shanghai Ruizhixin Enterprise Management Partnership Enterprise (Limited Partnership) is controlled by Shanghai Yaojun Management Consulting Co., Ltd., its general partner and owned as to 37.12% by Xu Hongru, one of its limited partners. Shanghai Ruizhiying Enterprise Management Partnership Enterprise (Limited Partnership) is controlled by Shanghai Yaojun Management Consulting Co., Ltd., its general partner and owned as to 42.80% by Dr. Li, one of its limited partners. Save as disclosed above, no other limited partners holds more than one third of limited partnership in the foregoing limited partnership. As such, each of Shanghai Yaojun Management Consulting Co., Ltd., Shanghai Ruizhixin Enterprise Management Partnership Enterprise (Limited Partnership), Xu Hongru, Shanghai Ruizhiying Enterprise Management Partnership Enterprise (Limited Partnership) and Dr. Li is deemed to be interested in the Shares held by Shanghai Ruixinchuang under the SFO.

(6) See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" for details of the beneficial interests of Hai Feng Investment.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and in "Appendix IV—Statutory and General Information" of this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (and the offering of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in the Shares or underlying shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

This section presents certain information regarding our share capital prior to and following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares.

BEFORE THE [REDACTED]

As of the Latest Practicable Date and immediately prior to the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, the registered and issued share capital of our Company was RMB16,281,741, comprising 325,634,820 Unlisted Shares with a nominal value of RMB0.05 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	–	–
H Shares converted from Unlisted Shares	[325,634,820]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

See "—Conversion of Unlisted Shares into H Shares" below for details of the identities of our Shareholders whose Shares will remain as Unlisted Shares and whose Shares will be converted into H Shares upon [**REDACTED**].

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	–	–
H Shares converted from Unlisted Shares	[325,634,820]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

See "—Conversion of Unlisted Shares into H Shares" below for details of the identities of our Shareholders whose Shares will remain as unlisted Shares and whose Shares will be converted into H Shares upon [**REDACTED**].

OUR SHARES

Upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, the Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons. Unlisted Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Unlisted Shares, on the other hand, may only be subscribed for and transferred in Renminbi. Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association. Our Unlisted Shares are not [**REDACTED**] or traded on any stock exchange.

RANKING

Save as described in this document, Unlisted Shares and H Shares shall rank pari passu with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Unlisted Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Unlisted Shares, dividends in the form of Shares will be distributed in the form of additional Unlisted Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to stipulations made by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

The Conversion of Unlisted Shares into H Shares will involve an aggregate of [325,634,820] Unlisted Shares held by 47 existing Shareholders (the "Full Circulation Participating Shareholders"), representing all the total issued Shares of our Company as of the Latest Practicable Date and approximately [**REDACTED**]% of the total enlarged issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

If any other of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. We will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. Approval of Shareholders at a general meeting is not required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on an overseas stock exchange.

[REDACTED] Review and Approval by the CSRC

In accordance with the Guidelines for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) and Trial Administrative Measures and relevant five guidelines announced by the CSRC, H-share listed companies which apply for the conversion of domestic unlisted shares into H shares for [**REDACTED**] and circulation on the Stock Exchange shall conform to relevant regulations promulgated by the CSRC, and authorize the company to file with the CSRC on their behalf.

We have filed with the CSRC for, and received the filing notice from the CSRC dated [●] in relation to the [**REDACTED**] and the conversion of [325,634,820] Unlisted Shares (taking into account the Share Subdivision) into H Shares on a one-for-one basis upon [**REDACTED**].

[REDACTED]

We have applied to the [**REDACTED**] of the Stock Exchange for the granting of [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the H Shares to be converted from [325,634,820] Unlisted Shares, which is subject to the [**REDACTED**] by the [**REDACTED**].

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding the relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**]. The Full Circulation Participating Shareholders may only [**REDACTED**] in the H Shares upon completion of the domestic procedures as disclosed in this section.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the [**REDACTED**] of a company, the shares issued prior to the [**REDACTED**] shall not be transferred within a period of one year from the date on which the [**REDACTED**] shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] Date shall be subject to this statutory restriction and not be transferred within a period of one year from the [**REDACTED**] Date.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of CSDC. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDC of the shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, please see "Appendix III—Shareholders and Shareholders' Meetings—General Rules for Shareholders' Meetings" in this document.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto included in the Accountants' Report set out in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with the HKFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Forward-looking Statements" and "Risk Factors" in this document.

OVERVIEW

We are a global leader and pioneer in wireless sensor SoCs, dedicated to providing innovative sensor chips. We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024, according to the F&S report. We offer a comprehensive portfolio of sensor SoC products for a broad array of sensing settings, primarily including: (1) intelligent tire sensing SoCs; (2) BMS SoCs; (3) USI SoCs; and (4) others, such as USS SoCs. As of June 30, 2025, the cumulative shipment volume of our automotive sensor SoCs reached 164.3 million units.

Our revenue was RMB103.8 million, RMB223.5 million, RMB347.5 million, RMB123.4 million and RMB156.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. We recorded gross profit RMB16.0 million, RMB37.1 million, RMB70.6 million, RMB17.3 million and RMB42.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, and loss for the year/period of RMB204.6 million, RMB355.8 million, RMB351.3 million, RMB129.6 million and RMB143.3 million in the same periods, respectively. We recorded adjusted loss for the year/period (non-HKFRS measure) of RMB83.6 million, RMB111.3 million, RMB97.2 million, RMB47.9 million and RMB15.7 million in the same periods, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are influenced by general factors that shape the markets that we operate in, as well as such factors that similarly affect other industry players. For instance, our results of operations are affected by the growing adoption of NEVs globally in recent years, in particular that in China, the related development of safety and other standards and the changes in vehicle design. Specifically, we have benefited from the rapid development of the wireless sensor SoC market, as evidenced by the rapid sales growth of our intelligent tire sensing SoCs during the Track Record Period. According to the F&S report, it is expected that the global market size of automotive wireless sensor SoCs in terms of revenue will increase from RMB3.6 billion in 2025 to RMB27.8 billion in 2030, at a CAGR of 50.5%. We expect to continue to leverage from the market tailwinds of the wireless sensor SoC industry to drive our sales and revenue growth in the future. In particular, we expect that our WBMS product will be one of our next growth engines. According to the F&S report, the market for wBMS SoC is projected for long-term growth, with global revenue increasing from RMB0.1 billion in 2026 to RMB20.7 billion by 2030, at a CAGR of 272.0%.

As a sensor SoC provider, we offer our products to customers in downstream sectors (e.g., automotive OEMs and Tier 1 suppliers, and energy storage enterprises), which will then integrate and deploy our products in their end products or operations (e.g., vehicles and energy storage systems). Due to the nature of such product applications, our results of operations are much influenced by demand-side evolvements of our downstream sectors. We have a proven track record in serving the automotive-grade sector, which has witnessed significant market growth and, in the meantime, undergone fundamental developments in terms of technological advancements and the establishment and elevation of industry standards, such as the formulation of various safety and performance standards of relevant parts and components for EVs. Guided by our "Product-market Fit" principle and innovation-led value proposition, we have been able to capitalize on the significant business opportunities in the automotive sector by precisely and timely matching our capabilities with high-growth application scenarios, such as in intelligent tire sensing and BMS. As a result, our rapid expansion during the Track Record Period was also partly propelled by the strong demand-side growth and heightened industry requirements over the same period. Going forward, we expect that similar downstream evolvements will have continual impacts on our performance, and we intend to reinforce our product and technology advantages and address downstream demands that enable us to capture favorable market trends and compete effectively.

In addition to these general factors, our results of operations are also affected by the following company-specific factors.

Our Ability to Develop Competitive Products and Address Downstream Demands

The competitiveness of our sensor SoC products, in particular our wireless sensor SoC products, is the pillar of our business strengths and key to our financial performance. Since our inception, we have invested significant resources in and curated a strong product portfolio winning high market recognition, which has contributed significantly to our revenue growth. We are the third largest automotive wireless sensor SoC company globally and the largest automotive wireless sensor SoC company in China in terms of revenue in 2024, according to the F&S report. During the Track Record Period, our total revenue increased from RMB103.8 million for 2022 to RMB223.5 million for 2023 and further to RMB347.5 million for 2024, and from RMB123.4 million for the six months ended June 30, 2024 to RMB156.8 million for the six months ended June 30, 2025. Such growth was underpinned by the competitiveness of the relevant products, including their technological and functional advantages and the close fit of such products with imminent market needs.

To achieve further growth, we must ensure the market position of our existing products and innovate new products to tap in the underserved or unserved business opportunities. The competitiveness of our sensor SoCs depends on a variety of internal and external factors. As the sensor SoC sector, in particular wireless sensor SoC segment, is characterized by high technical requirements, continual technology advancements, frequent product innovations and elevating industry standards, the competitiveness of our sensor SoCs is highly dependent on our ability to constantly align ourselves with these goals in a manner that outperforms our peers. This in turn mandates us, among others, to reinforce our technology leadership and strengthen our R&D capabilities. Specifically, as our products are deployed by our customers in their end products or operations, our ability to understand, address and even predict their needs, keep up with industry trends and standards and develop products tailored to such needs and trends effectively is crucial to the value of our products to customers. Moreover, due to the nature of the applications of our products, the competitiveness of our products also depends on the degree of cost-savings and engineering efficiency, satisfaction of compliance requirements and other practical benefits that our products can bring to our customers. In addition, the competitiveness of our products remains to be affected by the general industry landscape, including the products and solutions offered by other domestic and international players and the relative benefits and costs of our products versus theirs.

Going forward, we expect that the robustness of our existing product portfolio, such as our TPMS SoCs and BMS SoCs, will continue to empower our near-term growth. Moreover, as we have set our foothold in WBMS SoCs under our technology roadmap and been establishing our early-mover advantages in this high-potential market segment, we also expect to drive our mid- and long-term growth with our WBMS SoCs. In addition, while we expect to broaden and deepen the applications of our products in the automotive-grade sector, thereby enhancing the efficiency of our monetization efforts, we also intend to extend our product portfolio to suitable adjacent fields, such as energy storage and industrial electronics sectors, to diversify our revenue streams and growth engines.

Our Technological Advantages and R&D Capabilities

We have built our accomplishments to date upon our technological advantages, which supports the competitiveness of our products and empowers efficient product innovations and development. Since our inception, we have established a proprietary sensor SoC platform that integrates sensing, processing and wireless transmission capabilities, coupled with wireless radio frequency technologies, automotive-grade capabilities and engineering capabilities, which together form our technology foundation. We believe that these technological advantages will continue to underpin our commercial success.

Our R&D capabilities are the cornerstone of our technology leadership, enabling our product development, upgrades and extension. We have steadily invested substantial resources in our R&D efforts since our inception. From 2022 to 2024, our total research and development expenditure ratio was 65.0%. We expect to continue to invest substantial resources in our R&D efforts, including harnessing our R&D team with relevant knowledge, expertise and acumen, and engaging in R&D activities for product development, upgrades and extension and technology enhancements. As a result, our research and development costs may fluctuate along with, among others, development progress of our new products and the recruitment, retention and incentivization of our R&D personnel. To the extent that we increase our investments in R&D personnel and activities, our research and development costs may increase in absolute amount and/or as a percentage of our total revenue and operating expenses. In addition, our R&D activities come with uncertainties in the process and outcome, and we may not predict the results of and return on such investment, which may in turn affect our results of operations.

Effectiveness, Stability and Resilience of Our Supply Chain

Our supply chain capabilities are crucial to our ability to constantly deliver high-quality products that satisfy customer requirements, as well as our ability to achieve cost management and improve profitability. Under our fabless model, we focus on the R&D and design of SoCs while outsourcing wafer fabrication, chip packaging and testing to third parties. We have established long collaborations with a number of leading foundries and packaging and testing service providers with rich experience in automotive-grade products, to ensure the integrity and stability of our supply chain, which are pivotal to our proven record of mass production and successful delivery. Our ability to maintain stable and virtuous business relationship with these suppliers, collaborate with them in a cohesive and efficient manner and secure their capacity on favorable or reasonable commercial terms that meet our requirements is essential to our fulfillment capabilities.

Similar to other fabless players in the semiconductor industry, our cost of sales, gross profit and results of operations are structurally affected by global and local supply chain status of the semiconductor sector, the availability, abundance and timeliness of raw materials and our suppliers' manufacturing capacity. These factors will affect our cost level, in particular our materials costs which have a vital impact on our profitability, and we may adjust our stock preparation and procurement strategies from time to time in light of these evolving supply chain conditions, which may affect our margin. Our cost of sales amounted to RMB87.8 million, RMB186.3 million, RMB276.9 million, RMB106.1 million and RMB114.3 million for 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing

84.6%, 83.4%, 79.7%, 86.0% and 72.9% of our total revenue for the same periods, respectively. Our cost of sales primarily consisted of materials costs and processing costs. Our materials costs amounted to RMB44.4 million, RMB118.4 million, RMB154.7 million, RMB61.8 million and RMB67.0 million for 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 50.6%, 63.6%, 55.9%, 58.2% and 58.6% of our total cost of sales for the same periods, respectively. Specifically, we incurred heightened cost of sale in 2023 as we consumed the relevant inventories that we had procured in advance in light of the cyclical impact of the semiconductor sector supply chain, which had lowered our profit margin in 2023. For details, see "—Period to Period Comparison of Results of Operations." We expect that our results of operations will continue to be affected by changes in the supply chain, as well as our strategies in response to these supply chain fluctuations.

Our Ability to Achieve Operating Efficiency

As we expanded our scale of operations, our ability to achieve operating efficiency has become more important to our results of operations. Specifically, our results of operations are also affected by our operating expenses, including our selling and marketing costs and administrative expenses. While we recorded greater selling and marketing costs and administrative expenses during the Track Record Period, in line with our expanded scale of operations, we were able to maintain these expenses at reasonable levels compared with our growth. Our selling and marketing costs amounted to RMB8.6 million, RMB11.5 million, RMB15.8 million, RMB6.5 million and RMB9.1 million for 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 8.3%, 5.1%, 4.5%, 5.3% and 5.8% of our total revenue for the same periods, respectively. Our administrative expenses amounted to RMB28.3 million, RMB41.0 million, RMB45.0 million, RMB21.8 million and RMB18.5 million for 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 27.2%, 18.3%, 12.9%, 17.7% and 11.8% of our total revenue for the same periods, respectively. Going forward, we may continue to incur increasing operation expenses due to increased employee headcount and greater operating expenditure to meet the increasing needs of our business operations. Our profitability will also depend on, among others, our ability to enhance operating efficiency, attain economies of scale and achieve operating leverage to keep these costs at levels commensurate with our business growth.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing this historical financial information, we have adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 34 to the Accountants' Report in Appendix I to this document.

The stub period corresponding financial information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the historical financial information.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related 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 operational results. Results may differ from these estimates under different assumptions and conditions.

Our management continually evaluates such estimates, assumptions and judgments based on historical experience and other assumptions which our management believes to be reasonable under the circumstances.

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

Revenue from Contracts with Customers

We principally generate revenue from sales of high-performance automotive-grade chips and power ICs products. We are the principal for our revenue transactions and recognize revenue on a gross basis. In determine whether we act as principal or as an agent, we consider whether we obtain control of the products before they are transferred to the customers. Control refers to our ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue from sales of our products is recognized when the customer takes possession of and accepts the products.

Revenue excludes value added tax or other sales taxes and is after deduction of other sales taxes or any trade discounts.

Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Goodwill

Goodwill arising on acquisition of business is measured at cost less accumulated impairment losses and is tested annually for impairment.

Impairment of goodwill

We determine whether goodwill acquired through business combinations is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. An impairment loss is recognized in profit or loss if the carrying amount of the goodwill, or the cash-generating units to which it belongs, exceeds their recoverable amount.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Equipment and machinery	5 years
Vehicles	4 years
Office equipment and furniture	3-5 years
Leasehold improvements.	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses. Capitalization of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

Financial Instruments Issued to Investors

We recognize as a financial liability our obligation to purchase our own equity instruments for cash or another financial asset. The financial liability is measured at the highest present value of the settlement amounts that can arise. Any changes in the carrying amount of the financial liability arising from the remeasurement of the redemption amount is recognized in profit or loss. We derecognize the financial liability when, and only when, our obligation is discharged, canceled or has expired.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss items for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue	103,800	100.0	223,483	100.0	347,540	100.0	123,359	100.0	156,812	100.0
Cost of sales	(87,779)	(84.6)	(186,337)	(83.4)	(276,936)	(79.7)	(106,098)	(86.0)	(114,264)	(72.9)
Gross profit	**16,021**	**15.4**	**37,146**	**16.6**	**70,604**	**20.3**	**17,261**	**14.0**	**42,548**	**27.1**
Other net income/(losses)	15,504	14.9	(1,376)	(0.6)	(1,805)	(0.5)	1,366	1.1	4,228	2.7
Selling and marketing costs	(8,645)	(8.3)	(11,455)	(5.1)	(15,794)	(4.5)	(6,505)	(5.3)	(9,099)	(5.8)
Administrative expenses	(28,259)	(27.2)	(40,951)	(18.3)	(44,984)	(12.9)	(21,841)	(17.7)	(18,485)	(11.8)
Research and development costs	(76,941)	(74.1)	(95,891)	(42.9)	(107,901)	(31.0)	(39,883)	(32.3)	(35,758)	(22.8)
Impairment losses on goodwill	–	–	(76,136)	(34.1)	–	–	–	–	–	–
Loss from operations	(82,320)	(79.3)	(188,663)	(84.4)	(99,880)	(28.6)	(49,602)	(40.2)	(16,566)	(10.6)
Other finance costs	(2,178)	(2.1)	(2,231)	(1.0)	(298)	(0.1)	(119)	(0.1)	(229)	(0.1)
Changes in the carrying amount of liabilities recognized for financial instruments issued to investors	(118,979)	(114.6)	(164,506)	(73.6)	(251,161)	(72.3)	(79,896)	(64.8)	(126,468)	(80.6)
Loss before taxation	**(203,477)**	**(196.0)**	**(355,400)**	**(159.0)**	**(351,339)**	**(101.0)**	**(129,617)**	**(105.1)**	**(143,263)**	**(91.3)**
Income tax	(1,171)	(1.2)	(401)	(0.2)	–	–	–	–	–	–
Loss for the year/period	**(204,648)**	**(197.2)**	**(355,801)**	**(159.2)**	**(351,339)**	**(101.0)**	**(129,617)**	**(105.1)**	**(143,263)**	**(91.3)**

Non-HKFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the HKFRS Accounting Standards, we also use adjusted loss for the year/period (non-HKFRS measure) as additional financial measure, which is not required by, or presented in accordance with, the HKFRS Accounting Standards. We believe that such non-HKFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. 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 they help our management. However, our presentation of adjusted loss for the year/period 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 them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards.

We define adjusted loss for the year/period (non-HKFRS measure) as loss for the year or period adjusted for changes in the carrying amount of liabilities recognized for financial instruments issued to investors, equity-settled share-based payment expenses and impairment losses on goodwill. Equity-settled share-based payment expenses are non-cash expenses arising from the share incentives that we grant to employees. Changes in the carrying amount of liabilities recognized for financial instruments issued to investors represent changes in the carrying amount of our Shares with preferential rights, which are measured at the higher amount expected to be paid to the investors upon redemption or liquidation, which is assumed to be at the dates of issuance and at the end of each reporting period. We do not expect to record any further changes in the carrying amount of such Shares as they will be redesignated to equity upon the completion of the [**REDACTED**]. Impairment losses on goodwill in 2023 arose from our acquisition of Gainsil. Such impairment loss only has a one-off impact on our results of operations and we did not incur similar impairment loss during the Track Record Period. The following table sets out a reconciliation from adjusted loss for the year/period (non-HKFRS measure) indicated to the most directly comparable financial measure calculated and presented in accordance with the HKFRS Accounting Standards, which is loss for the year/period.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Loss for the year/period	(204,648)	(355,801)	(351,339)	(129,617)	(143,263)
Add: changes in the carrying amount of liabilities recognized for financial instruments issued to investors	118,979	164,506	251,161	79,896	126,468
Add: equity-settled share-based payment expenses	2,103	3,819	2,978	1,812	1,091
Add: impairment losses on goodwill	–	76,136	–	–	–
Adjusted loss for the year/period (non-HKFRS measure)	**(83,566)**	**(111,340)**	**(97,200)**	**(47,909)**	**(15,704)**

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we primarily generated revenue from the sales of (1) intelligent tire sensing SoCs; (2) BMS SoCs; and (3) USI SoCs. See "Business—Our Products." In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our revenue was RMB103.8 million, RMB223.5 million, RMB347.5 million, RMB123.4 million and RMB156.8 million, respectively. We began to generate revenue in connection with our wBMS SoCs in 2025. The following table sets forth a breakdown of our revenue by product type for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Intelligent tire sensing SoCs	41,460	39.9	86,157	38.6	208,587	60.0	77,344	62.7	91,242	58.2
BMS SoCs	18,781	18.1	46,912	21.0	42,739	12.3	11,759	9.5	24,645	15.7
USI SoCs	40,182	38.7	85,569	38.3	89,120	25.6	31,215	25.3	39,465	25.2
Others[1]	3,377	3.3	4,845	2.1	7,094	2.1	3,041	2.5	1,460	0.9
Total	**103,800**	**100.0**	**223,483**	**100.0**	**347,540**	**100.0**	**123,359**	**100.0**	**156,812**	**100.0**

(1) Others primarily include USS SoCs and other products and services ancillary to our provision of SoCs.

Cost of Sales

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our cost of sales was RMB87.8 million, RMB186.3 million, RMB276.9 million, RMB106.1 million and RMB114.3 million, respectively, representing 84.6%, 83.4%, 79.7%, 86.0% and 72.9% of our revenue for the same periods, respectively. Our cost of sales primarily consists of (1) materials costs, mainly including costs of wafers, sensors and electronic components; and (2) processing costs, mainly including costs of packaging and testing services. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Materials costs	44,374	50.6	118,448	63.6	154,673	55.9	61,783	58.2	66,993	58.6
Processing costs	42,127	48.0	63,264	34.0	119,047	43.0	41,529	39.1	44,884	39.3
Others[1]	1,278	1.4	4,625	2.4	3,216	1.1	2,786	2.7	2,387	2.1
Total	**87,779**	**100.0**	**186,337**	**100.0**	**276,936**	**100.0**	**106,098**	**100.0**	**114,264**	**100.0**

(1) Others primarily include depreciation and amortization expenses.

Gross Profit and Gross Profit Margin

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our gross profit was RMB16.0 million, RMB37.1 million, RMB70.6 million, RMB17.3 million and RMB42.5 million, respectively, representing gross profit margin of 15.4%, 16.6%, 20.3%, 14.0% and 27.1%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit/ (loss) (RMB)	Gross profit/ (loss) margin (%)	Gross profit/ (loss) (RMB)	Gross profit/ (loss) margin (%)	Gross profit (RMB)	Gross profit margin (%)	Gross profit (RMB)	Gross profit margin (%)	Gross profit (RMB)	Gross profit margin (%)
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Intelligent tire sensing SoCs	(8,009)	(19.3)	(8,251)	(9.6)	23,349	11.2	1,008	1.3	15,766	17.3
BMS SoCs	8,629	45.9	19,997	42.6	16,027	37.5	5,044	42.9	9,106	36.9
USI SoCs	15,256	38.0	24,163	28.2	29,136	32.7	9,800	31.4	17,210	43.6
Others	145	N/M	1,237	N/M	2,092	N/M	1,409	N/M	466	N/M
Total	**16,021**	**15.4**	**37,146**	**16.6**	**70,604**	**20.3**	**17,261**	**14.0**	**42,548**	**27.1**

Other Net Income or Losses

We recorded other net income of RMB15.5 million, RMB1.4 million and RMB4.2 million in 2022 and the six months ended June 30, 2024 and 2025, respectively. We recorded other net losses of RMB1.4 million and RMB1.8 million in 2023 and 2024, respectively. Our other net income or losses primarily consist of (1) government grants, mainly including subsidies received from the government for the encouragement of research and development projects; (2) net realized and unrealized gain or losses on financial assets measured at FVPL, mainly representing (i) fair value gains of our wealth management products; and (ii) fair value changes of our investment in the equity interests a semiconductor company; (3) interest income on deposits; and (4) net foreign exchange gain or loss mainly related to U.S. dollars. The following table sets forth a breakdown of our other net income or losses for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Interest income	322	2,306	1,283	647	665
Net realized and unrealized gain/(losses) on financial assets measured at FVPL	1,357	(8,417)	(3,903)	(718)	2,573
Net loss on disposal of property, plant and equipment	(8)	(6)	(183)	–	–
Government grants	11,239	5,007	3,629	1,590	3,577
Net foreign exchange gain/(loss), net	3,401	(270)	(724)	(413)	(1,757)
Others	(807)	4	(1,907)	260	(830)
Total	**15,504**	**(1,376)**	**(1,805)**	**1,366**	**4,228**

Selling and Marketing Costs

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our selling and marketing costs were RMB8.6 million, RMB11.5 million, RMB15.8 million, RMB6.5 million and RMB9.1 million, respectively, representing 8.3%, 5.1%, 4.5%, 5.3% and 5.8% of our revenue for the same periods, respectively. Our selling and marketing costs primarily consist of (1) employee benefit expenses, mainly representing salaries, wages and bonuses and share-based compensation for our sales personnel; (2) advertising and promotion service expenses; and (3) traveling and business development expenses. The following table sets forth a breakdown of our selling and marketing costs for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Employee benefit expenses	6,598	76.3	8,662	75.6	11,156	70.6	4,929	75.8	4,125	45.3
Advertising and promotion service expenses	333	3.9	766	6.7	2,682	17.0	744	11.4	4,317	47.4
Traveling and business development expenses	945	10.9	1,086	9.5	1,248	7.9	543	8.3	325	3.6
Others[(1)]	769	8.9	941	8.2	708	4.5	289	4.5	332	3.7
Total	**8,645**	**100.0**	**11,455**	**100.0**	**15,794**	**100.0**	**6,505**	**100.0**	**9,099**	**100.0**

(1) Primarily included rental fees and transportation expenses, as well as other miscellaneous selling and marketing costs.

Administrative Expenses

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our administrative expenses were RMB28.3 million, RMB41.0 million, RMB45.0 million, RMB21.8 million and RMB18.5 million, respectively, representing 27.2%, 18.3%, 12.9%, 17.7% and 11.8% of our revenue for the same periods, respectively. Our administrative expenses primarily consist of (1) employee benefit expenses, mainly representing salaries, wages and bonuses and share-based compensation for our administrative personnel; (2) depreciation and amortization expenses; (3) professional service fees, mainly representing the legal fees and audit fees; and (4) administrative activity expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)						(Unaudited)			
Employee benefit expenses	19,160	67.8	30,852	75.3	31,178	69.3	15,455	70.8	13,347	72.2
Depreciation and amortization expenses	3,486	12.3	4,732	11.6	5,234	11.6	2,645	12.1	2,478	13.4
Professional service fees	1,277	4.5	1,496	3.7	3,326	7.4	1,689	7.7	1,124	6.1
Administrative activity expenses	1,306	4.6	1,661	4.0	2,048	4.6	936	4.3	928	5.0
Others[(1)]	3,030	10.8	2,210	5.4	3,198	7.1	1,116	5.1	608	3.3
Total	**28,259**	**100.0**	**40,951**	**100.0**	**44,984**	**100.0**	**21,841**	**100.0**	**18,485**	**100.0**

(1) Primarily included utilities, offices and property management expenses, as well as other miscellaneous administrative expenses.

Research and Development Costs

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our research and development costs were RMB76.9 million, RMB95.9 million, RMB107.9 million, RMB39.9 million and RMB35.8 million, respectively, representing 74.1%, 42.9%, 31.0%, 32.3% and 22.8% of our revenue for the same periods, respectively. Our research and development costs primarily consist of (1) employee benefit expenses mainly representing salaries, wages and bonuses and share-based compensation for our research and development personnel; (2) materials, testing and verification expenses, mainly including outsourced service fees, materials and testing fees and processing fees; and (3) depreciation and amortization expenses. The following table sets forth a breakdown of our research and development costs for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)						(Unaudited)			
Employee benefit expenses	63,811	82.9	74,127	77.3	71,770	66.5	33,445	83.9	28,130	78.7
Materials, testing and verification expenses	8,788	11.4	14,065	14.7	28,829	26.7	2,875	7.2	4,821	13.5
Depreciation and amortization	3,576	4.6	4,160	4.3	5,296	4.9	2,717	6.8	2,504	7.0
Others[(1)]	766	1.1	3,539	3.7	2,006	1.9	846	2.1	303	0.8
Total	**76,941**	**100.0**	**95,891**	**100.0**	**107,901**	**100.0**	**39,883**	**100.0**	**35,758**	**100.0**

(1) Primarily included traveling expenses, as well as other miscellaneous research and development costs.

Impairment Losses on Goodwill

Our impairment losses on goodwill primarily arose from our acquisition of Gainsil. Through a series of transactions from March 2022 to October 2022, we acquired all of the equity interests in Gainsil, and we obtained control of Gainsil and began to consolidate their results of operations from May 2022. The amount of goodwill recognized with the initial acquisition of Gainsil was RMB76.1 million, which represented the difference between the net identifiable assets attributable to our Group of RMB42.1 million and the cash consideration of RMB118.2 million. We recorded impairment losses on goodwill of RMB76.1 million in 2023, which represented an impairment in full of the goodwill arising from the acquisition of Gainsil, due to the business and financial performance of Gainsil.

Other Finance Costs

Our other finance costs primarily consist of interest on loans and borrowings and lease liabilities. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our other finance costs were RMB2.2 million, RMB2.2 million, RMB0.3 million, RMB0.1 million and RMB0.2 million, respectively.

Changes in the Carrying Amount of Liabilities Recognized for Financial Instruments Issued to Investors

We had changes in the carrying amount of liabilities recognized for financial instruments issued to investors of RMB119.0 million, RMB164.5 million, RMB251.2 million, RMB79.9 million and RMB126.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Such item mainly represented the fair value changes of the financial instruments issued to investors. See Note 26 of the Accountants' Report in Appendix I to this document.

Income Tax Expense

We recorded income tax expense of RMB1.2 million, RMB0.4 million, nil, nil and nil in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

The following description sets forth a summary of our major income tax exposures.

Pursuant to the EIT Law, our Company and our subsidiaries established and operated in the PRC are liable for EIT at a rate of 25% unless otherwise specified.

According to the EIT Law and its relevant regulations, entities that qualified as HNTEs are entitled to a preferential income tax rate of 15%. Our Company obtained the certificate of HNTE in 2020 and renewed in 2023 and was subject to income tax rate at 15% in the Track Record Period. Shanghai SENASIC obtained the certificate of HNTE in November 2023 and was subject to income tax rate at 15% from January 1, 2023 to December 31, 2025. Gainsil obtained the certificate of HNTE in 2018 and renewed in 2021 and 2024 and was subject to income tax rate at 15% during the Track Record Period.

Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs in the Track Record Period.

For details, see Note 7 to the Accountants' Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months ended June 30, 2025 Compared to Six Months ended June 30, 2024

Revenue

Our revenue increased by 27.1% from RMB123.4 million in the six months ended June 30, 2024 to RMB156.8 million in the same period of 2025, primarily due to the increases in revenue from intelligent tire sensing SoCs, BMS SoCs and USI SoCs.

- ***Intelligent tire sensing SoCs***. Our revenue from intelligent tire sensing SoCs increased by 18.0% from RMB77.3 million in the six months ended June 30, 2024 to RMB91.2 million in the same period of 2025, primarily due to the increase in the sales volume of our intelligent tire sensing SoCs driven by the enhanced market recognition and customer demand of our products, in particular the demand from certain major customers.

- ***BMS SoCs***. Our revenue from BMS SoCs increased significantly from RMB11.8 million in the six months ended June 30, 2024 to RMB24.6 million in the same period of 2025, primarily due to the increase in the sales volume of our BMS SoCs driven by the enhanced market recognition and customer demand of our products, in particular the demand from certain major customers. We began to generate revenue in connection with our wBMS SoCs in the first half of 2025.

- ***USI SoCs***. Our revenue from USI SoCs increased by 26.4% from RMB31.2 million in the six months ended June 30, 2024 to RMB39.5 million in the same period of 2025, as we received large orders for our USI SoCs from certain existing customers.

Cost of sales

Our cost of sales increased by 7.7% from RMB106.1 million in the six months ended June 30, 2024 to RMB114.3 million in the same period of 2025, primarily due to (1) the increase in materials costs from RMB61.8 million for the six months ended June 30, 2024 to RMB67.0 million for the same period in 2025; and (2) the increase in processing costs from RMB41.5 million for the six months ended June 30, 2024 to RMB44.9 million for the six months ended June 30, 2025, generally in line with our sales growth over the same period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB17.3 million in the six months ended June 30, 2024 to RMB42.5 million in the same period of 2025, generally in line with our overall increase in revenue, along with an increase in our gross profit margin from 14.0% in the six months ended June 30, 2024 to 27.1% in the same period of 2025, driven by the enhanced gross profit margin of our intelligent tire sensing SoCs and USI SoCs for the reasons discussed below.

- ***Intelligent tire sensing SoCs***. The gross profit of our intelligent tire sensing SoCs increased significantly from RMB1.0 million in the six months ended June 30, 2024 to RMB15.8 million in the same period of 2025, due to the joint impact of (1) the increase in revenue for the reasons discussed above; and (2) the increase in gross profit margin of our intelligent tire sensing SoCs from 1.3% in the six months ended June 30, 2024 to 17.3% in the same period of 2025, as we generally consumed the remaining high-cost wafers procured historically in the six months ended June 30, 2024, and we also improved our cost management in the six months ended June 30, 2025 (for details, see "—Period to Period Comparison of Results of Operations—Year ended December 31, 2023 Compared to Year ended December 31, 2022").

- ***BMS SoCs***. The gross profit of our BMS SoCs increased by 80.5% from RMB5.0 million in the six months ended June 30, 2024 to RMB9.1 million in the same period of 2025, primarily due to the increase in revenue for the reasons discussed above. The gross profit margin of our BMS SoCs decreased from 42.9% in the six months ended June 30, 2024 to 36.9% in the same period of 2025, as we adjusted our pricing for certain large orders from major customers.

- ***USI SoCs***. The gross profit of our USI SoCs increased from by 75.6% from RMB9.8 million in the six months ended June 30, 2024 to RMB17.2 million in the same period of 2025, due to the joint impact of (1) the increase in revenue for the reasons discussed above; and (2) the increase in gross profit margin of our USI SoCs from 31.4% in the six months ended June 30, 2024 to 43.6% in the same period of 2025, as we improved our cost management in the six months ended June 30, 2025.

Other net income or losses

Our other net income increased significantly from RMB1.4 million in the six months ended June 30, 2024 to RMB4.2 million in the same period of 2025, primarily due to (1) the increase in government grants, as we recognized other income associated with government grants for our R&D achievements in the semiconductors; (2) the change in net realized and unrealized gain/(losses) on financial assets measured at FVPL from a loss of RMB0.7 million in the six months ended June 30, 2024 to a gain of RMB2.6 million in the six months ended June 30, 2025, as we recognized fair value loss for our investment in a semiconductor company in the six months ended June 30, 2024, and we did not recognize similar loss in the six months ended June 30, 2025.

Selling and marketing costs

Our selling and marketing costs increased by 39.9% from RMB6.5 million in the six months ended June 30, 2024 to RMB9.1 million in the same period of 2025, primarily due to the increase in advertising and promotion service fees in line with our sales efforts to certain customers.

Administrative expenses

Our administrative expenses were relatively stable at RMB21.8 million and RMB18.5 million in the six months ended June 30, 2024 and 2025, respectively.

Research and development costs

Our research and development costs decreased by 10.3% from RMB39.9 million in the six months ended June 30, 2024 to RMB35.8 million in the same period of 2025, primarily due to the decrease in our employee benefit expenses as we optimized our R&D team structure in late 2024; partially offset by the increase in materials, testing and verification expenses, driven by fluctuations of the needs of our R&D activities and projects.

Changes in the carrying amount of liabilities recognized for financial instruments issued to investors

The changes in the carrying amount of liabilities recognized for financial instruments issued to investors increased from RMB79.9 million in the six months ended June 30, 2024 to RMB126.5 million in the same period of 2025, primarily due to the fluctuations of our valuation increases over the same periods.

Loss for the period

As a result of the foregoing, our loss for the period increased by 10.5% from RMB129.6 million for the six months ended June 30, 2024 to RMB143.3 million in the same period of 2025.

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Revenue

Our revenue increased by 55.5% from RMB223.5 million in 2023 to RMB347.5 million in 2024, primarily due to the increase in revenue from intelligence tire sensing SoCs.

- ***Intelligent tire sensing SoCs***. Our revenue from intelligent tire sensing SoCs increased significantly from RMB86.2 million in 2023 to RMB208.6 million in 2024, primarily due to increase in sales volume driven by the enhanced market recognition and customer demand of our products, in particular the demand from certain major customers.

- ***BMS SoCs***. Our revenue from BMS SoCs decreased by 8.9% from RMB46.9 million in 2023 to RMB42.7 million in 2024, as we adjusted our pricing for certain large orders from major customers.

- ***USI SoCs***. Our revenue from USI SoCs remained relatively stable at RMB85.6 million and RMB89.1 million in 2023 and 2024, respectively.

Cost of sales

Our cost of sales increased by 48.6% from RMB186.3 million in 2023 to RMB276.9 million in 2024, primarily due to (1) the increase in materials costs from RMB118.4 million for 2023 to RMB154.7 million for 2024; and (2) the increase in processing costs from RMB63.3 million for 2023 to RMB119.0 million for 2024, which was generally in line with our sales growth over the same periods.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 90.1% from RMB37.1 million in 2023 to RMB70.6 million in 2024. Our gross profit margin increased from 16.6% in 2023 to 20.3% in 2024, primarily due to the improvements of the gross profit margin of intelligent tire sensing SoCs and USI SoCs, for the reasons discussed below.

- ***Intelligent tire sensing SoCs***. We recorded a gross profit of RMB23.3 million for our intelligent tire sensing product in 2024, compared with a gross loss of RMB8.3 million for the same in 2023. The gross loss position was primarily due to the higher materials costs in connection with the consumption of wafers in 2023 (for details, see "—Period to Period Comparison of Results of Operations—Year ended December 31, 2023 Compared to Year ended December 31, 2022"). As a result of the foregoing improvement from gross loss to gross profit, we recorded an enhanced gross profit margin of 11.2% of intelligent tire sensing SoCs for 2024, compared with a gross loss margin of 9.6% for 2023.

- ***BMS SoCs***. The gross profit of our BMS SoCs decreased by 19.9% from RMB20.0 million in 2023 to RMB16.0 million in 2024, and the gross profit margin of our BMS SoCs decreased from 42.6% in 2023 to 37.5% in 2024, primarily due to the adjustment of our pricing for the reasons discussed above.

- ***USI SoCs***. The gross profit of our USI SoCs increased by 20.6% from RMB24.2 million in 2023 to RMB29.1 million in 2024, along with the increased gross profit margin of our USI SoCs from 28.2% to 32.7% over the same periods, primarily due to the higher materials costs in connection with the consumption of wafers in 2023 (for details, see "—Period to Period Comparison of Results of Operations—Year ended December 31, 2023 Compared to Year ended December 31, 2022").

Selling and marketing costs

Our selling and marketing costs increased by 37.9% from RMB11.5 million in 2023 to RMB15.8 million in 2024, primarily due to (1) an increase in employee benefit expenses, mainly due to the increase in headcount and compensation level of our sales and marketing personnel; and (2) an increase in advertising and promotion service fees in line with the sales efforts to certain customers.

Administrative expenses

Our administrative expenses increased by 9.8% from RMB41.0 million in 2023 to RMB45.0 million in 2024, primarily due to an increase in professional service fees in 2024, as we incurred relevant audit and legal service fees for our share reform in 2024.

Research and development costs

Our research and development costs increased by 12.5% from RMB95.9 million in 2023 to RMB107.9 million in 2024, primarily due to the increase in materials, testing and verification expenses, driven by the needs of our R&D activities and projects.

Impairment losses on goodwill

We incurred impairment losses on goodwill of RMB76.1 million in 2023, in connection with the goodwill impairment of Gainsil. We did not incur impairment losses on goodwill in 2024.

Other finance costs

Our other finance costs decreased from RMB2.2 million in 2023 to RMB0.3 million in 2024, primarily due to a decrease in interest on loans and borrowing, mainly resulting from our repayment of certain loans and borrowing over the course of 2023.

Changes in the carrying amount of liabilities recognized for financial instruments issued to investors

Our changes in the carrying amount of liabilities recognized for financial instruments issued to investors decreased by 52.7% from RMB164.5 million in 2023 to RMB251.2 million in 2024, primarily due to the fluctuations of our valuation increases over the same periods.

Income tax expense

Our income tax expense decreased from RMB0.4 million in 2023 to nil in 2024, primarily due to the decrease in taxable income of relevant subsidiary.

Loss for the year

As a result of the foregoing, our loss for the year was RMB355.8 million and RMB351.3 million in 2023 and 2024, respectively.

Year ended December 31, 2023 Compared to Year ended December 31, 2022

Revenue

Our revenue increased significantly from RMB103.8 million in 2022 to RMB223.5 million in 2023, primarily due to the increases in revenue from intelligent tire sensing SoCs, USI SoCs and BMS SoCs.

- ***Intelligent tire sensing SoCs***. Our revenue from intelligent tire sensing SoCs increased significantly from RMB41.5 million in 2022 to RMB86.2 million in 2023, primarily due to the increase in the sales volume of our intelligent tire sensing SoCs driven by the further commercialization development of our products and the increase in market demand.

- ***BMS SoCs***. Our revenue from BMS SoCs increased significantly from RMB18.8 million in 2022 to RMB46.9 million in 2023, primarily due to (1) the increase in the sales volume of our BMS SoCs driven by the increase in market demand; and (2) the higher proportion of BMS SoCs delivered in modules in 2023 at the request of our customers, leading to a higher contract value.

- ***USI SoCs***. Our revenue from USI SoCs increased significantly from RMB40.2 million in 2022 to RMB85.6 million in 2023, primarily due to the increase in the sales volume, driven by (1) the increase in the sale volume of our USI SoCs; and (2) our business expansion in USI SoCs through Gainsil.

Cost of sales

Our cost of sales increased significantly from RMB87.8 million in 2022 to RMB186.3 million in 2023, primarily due to (1) the increase in materials costs, which increased significantly from RMB44.4 million in 2022 to RMB118.4 million in 2023, due to the joint impacts of (i) the increased sales volume of our sensor SoCs, and (ii) the further consumption of wafers purchased in 2022 over the course of 2023, which had relatively higher prices due to the cyclical impact of the semiconductor supply chain; and (2) an increase in processing costs from RMB42.1 million for 2022 to RMB63.3 million for 2023, generally in line with the increased sales volume of our sensor SoCs.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB16.0 million in 2022 to RMB37.1 million in 2023. Our gross profit margin increased from 15.4% in 2022 to 16.6% in 2023, primarily due the enhanced margin of our intelligent tire sensing SoCs for the reasons discussed below to the higher materials costs for our wafers due to the supply chain fluctuations for the reasons discussed above.

- ***Intelligent tire sensing SoCs***. We recorded gross loss for the sales of intelligent tire sensing SoCs of RMB8.0 million and RMB8.3 million in 2022 and 2023, respectively. The gross loss position was primarily due to (1) the higher materials costs for wafers for the reasons discussed above; and (2) with respect to 2022, the relatively small sales volume, as we were still at the initiation stage of commercialization for our TPMS SoC products. The gross loss margin of our intelligent tire sensing SoCs narrowed from 19.3% in 2022 to 9.6% in 2023, primarily due to the commercialization development of our TPMS SoC products, which led to enhanced cost efficiency through greater economies of scale; partially offset by the cost impact of wafers affecting our margin in 2023 for the reasons discussed above.

- ***BMS SoCs***. The gross profit of our BMS SoCs increased significantly from RMB8.6 million in 2022 to RMB20.0 million in 2023, primarily due to the increase in revenue from the same for the reasons discussed above. The gross profit margin of our BMS SoCs decreased from 45.9% in 2022 to 42.6% in 2023, primarily due to (1) the higher materials costs in connection with the consumption of wafers in 2023 for the reasons discussed above; and (2) the adjustment of our pricing for certain large orders from major customers.

- ***USI SoCs***. The gross profit of our USI SoCs increased by 58.4% from RMB15.3 million in 2022 to RMB24.2 million in 2023, primarily due to the increase in revenue from the same for the reasons discussed above. The gross profit margin of our USI SoCs decreased from 38.0% in 2022 to 28.2% in 2023, primarily due to the higher materials costs in connection with the consumption of wafers in 2023 for the reasons discussed above.

Other net income or losses

We recorded other net income and gains of RMB15.5 million in 2022, compared to other net losses of RMB1.4 million in 2023, primarily because (1) we recorded fair value loss on financial assets measured at FVPL of RMB8.4 million, mainly attributable to our investment in a semiconductor company in 2023 for the reasons discussed above, partially offset by fair value gains on wealth management products in 2023; and (2) our government grants decreased from RMB11.2 million in 2022 to RMB5.0 million in 2023, as certain government grants received in 2022 were no longer applicable.

Selling and marketing costs

Our selling and marketing costs increased by 32.5% from RMB8.6 million in 2022 to RMB11.5 million in 2023, primarily due to an increase in employee benefit expenses, mainly due to the increase in headcount and compensation level of our sales and marketing personnel.

Administrative expenses

Our administrative expenses increased by 44.9% from RMB28.3 million in 2022 to RMB41.0 million in 2023, primarily due to an increase in employee benefit expenses, mainly due to the increase in headcount of relevant personnel to meet our increasing business needs.

Research and development costs

Our research and development costs increased by 24.6% from RMB76.9 million in 2022 to RMB95.9 million in 2023, primarily due to (1) the increase in materials, testing and verification expenses, driven by the needs of our R&D activities and projects; and (2) the increase in our employee benefit expenses, driven by the increase in headcount and compensation level of our research and development personnel.

Impairment losses on goodwill

We incurred impairment losses on goodwill of RMB76.1 million in 2023, in connection with the goodwill impairment of Gainsil. We did not incur impairment losses on goodwill in 2022.

Other finance costs

Our other finance costs remained relatively stable at RMB2.2 million and RMB2.2 million in 2022 and 2023, respectively.

Changes in the carrying amount of liabilities recognized for financial instruments issued to investors

Our changes in the carrying amount of liabilities recognized for financial instruments issued to investors increased by 38.3% from RMB119.0 million in 2022 to RMB164.5 million in 2023, primarily due to the fluctuations of our valuation increases over the same periods.

Income tax expense

Our recorded income tax expense of RMB1.2 million in 2022 and RMB0.4 million in 2023, primarily due to the decrease in our taxable income.

Loss for the year

As a result of the foregoing, our loss for the year were RMB204.6 million in 2022 and RMB355.8 million in 2023, respectively.

DISCUSSION OF CERTAIN BALANCE SHEET ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	18,416	16,969	18,657	16,114
Right-of-use asset	9,155	7,519	3,609	4,327
Intangible assets	6,512	4,508	2,900	2,338
Financial assets at FVPL	–	10,037	–	–
Goodwill	76,136	–	–	–
Other non-current assets	1,585	1,829	1,608	1,554
Total non-current assets	**111,804**	**40,862**	**26,774**	**24,333**
Total current assets	**376,868**	**593,235**	**665,962**	**650,302**
Total current liabilities	**213,909**	**91,114**	**111,824**	**108,730**
Net current assets	**162,959**	**502,121**	**554,138**	**541,572**
Total assets less current liabilities	**274,763**	**542,983**	**580,912**	**565,905**
Non-current liabilities				
Loans and borrowings	24,802	–	–	–
Lease liabilities	5,835	3,433	209	1,246
Deferred income	–	–	4,338	3,998
Financial instruments issued to investors	732,417	1,379,823	1,735,984	1,862,452
Total non-current liabilities	**763,054**	**1,383,256**	**1,740,531**	**1,867,696**
Net liabilities	**(488,291)**	**(840,273)**	**(1,159,619)**	**(1,301,791)**
Capital and reserves				
Paid-in capital	3,939	15,183	–	–
Share capital	–	–	16,147	16,147
Reserves	(492,230)	(855,456)	(1,175,766)	(1,317,938)
Total deficit	**(488,291)**	**(840,273)**	**(1,159,619)**	**(1,301,791)**

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(Unaudited)
Current assets					
Inventories	170,492	128,233	156,650	232,082	261,376
Trade and other receivables	78,734	126,741	107,348	99,920	101,624
Financial assets at FVPL	–	233,272	274,704	124,400	93,500
Time deposits	–	3,001	3,080	3,119	3,126
Pledged bank deposits	4,118	3,183	35,092	66,913	59,018
Cash and cash equivalents	123,524	98,805	89,088	123,868	125,808
Total current assets	**376,868**	**593,235**	**665,962**	**650,302**	**644,452**
Current liabilities					
Trade and other payables	130,827	86,818	96,328	93,481	61,441
Loans and borrowings	79,281	–	12,103	12,251	12,277
Income tax payables	419	–	–	–	–
Lease liabilities	3,382	4,296	3,393	2,998	2,656
Total current liabilities	**213,909**	**91,114**	**111,824**	**108,730**	**76,374**
Net current assets	**162,959**	**502,121**	**554,138**	**541,572**	**568,078**

Our net current assets increased from RMB163.0 million as of December 31, 2022 to RMB502.1 million as of December 31, 2023, primarily due to (1) the increase in the current portion of our financial assets at FVPL; (2) the decrease in our loans and borrowings due to repayment; and (3) the decrease in our trade and other payables, partially offset by the decrease in our inventories. Our net current assets further increased to RMB554.1 million as of December 31, 2024, primarily due to (1) the increase in our financial assets at FVPL; and (2) the increase in our pledged bank deposits, partially offset by the increases in our loans and borrowings and trade and other payables. Our net current assets then decreased to RMB541.6 million as of June 30, 2025, primarily due to the decrease in our financial assets at FVPL, partially offset by the increases in our inventories, cash and cash equivalents and pledged bank deposits. Our net current assets further increased to RMB568.1 million as of July 31, 2025, primarily due to the increase in inventories and the decrease in trade and other payables.

Property, Plant and Equipment

Our property, plant and equipment consist primarily of (1) equipment and machinery; (2) office equipment and furniture; (3) vehicles; (4) construction in progress; and (5) leasehold improvements. The following table sets forth the carrying amount of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Equipment and machinery	11,549	11,462	15,122	13,532
Office equipment and furniture	791	678	1,427	1,217
Vehicles	825	520	242	124
Construction in progress	2,555	1,092	–	–
Leasehold improvements	2,696	3,217	1,866	1,241
Total	**18,416**	**16,969**	**18,657**	**16,114**

Our property, plant and equipment decreased from RMB18.4 million as of December 31, 2022 to RMB17.0 million as of December 31, 2023, primarily due to the depreciation of equipment and machinery. In addition, certain construction in progress of RMB6.7 million was transferred into equipment and machinery and office equipment and furniture in 2023. Our property, plant and equipment increased from RMB17.0 million as of December 31, 2023 to RMB18.7 million as of December 31, 2024, primarily due to (1) an addition to construction in progress of RMB6.2 million representing our procurement of certain equipment and machinery that had yet been put into use; and (2) an addition to equipment and machinery of RMB1.2 million, partially offset by disposal of equipment ad machinery of RMB4.2 million and depreciation. In addition, certain construction in progress of RMB7.3 million was transferred into equipment and machinery and office equipment and furniture in 2023. Our property, plant and equipment decreased from RMB18.7 million as of December 31, 2024 to RMB16.1 million as of June 30, 2025, primarily due to depreciation.

Right-of-use Assets

Our right-of-use assets consist primarily of leased offices. Our right-of-use assets decreased from RMB9.2 million as of December 31, 2022 to RMB7.5 million as of December 31, 2023, and further to RMB3.6 million as of December 31, 2024 and RMB4.3 million as of June 30, 2025, primarily due to the amortization of our right-of-use assets.

Intangible Assets

Our intangible assets consist primarily of trademark and software. Our intangible assets decreased from RMB6.5 million as of December 31, 2022 to RMB4.5 million as of December 31, 2023, and then to RMB2.9 million as of December 31, 2024 and RMB2.3 million as of June 30, 2025, primarily due to amortization.

Financial Assets at FVPL

Our financial assets at FVPL primarily consisted of our investments in wealth management products and, to a much lesser extent, in unlisted equity securities representing our investment in a semiconductor company. The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the Directors of our Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. See Note 19 of the Accountants' Report in Appendix I to this document.

Our financial assets at FVPL increased from nil as of December 31, 2022 to RMB243.3 million as of December 31, 2023, primarily because our wealth management products had been redeemed as of December 31, 2022. Our financial assets at FVPL increased from RMB243.3 million as of December 31, 2023 to RMB274.7 million as of December 31, 2024, primarily due to the increase in our purchase of wealth management products, partially offset by the decrease in the unlisted equity securities, mainly as a result of the decrease in the fair value of our investment in a semiconductor company due to its financial performance. Our financial assets at FVPL decreased from RMB274.7 million as of December 31, 2024 to RMB124.4 million as of June 30, 2025, representing the fluctuations of the balance of underlying wealth management products due to redemptions and new purchases.

Our investment policies

We have established fund management regulations (資金管理規定) to improve the efficiency of our fund utilization, systematize our fund management and enhance the risk control of our funds. Our fund management regulations provide for the procedures and policies for purchasing wealth management and similar products. Transactions involving the purchase of such products exceeding RMB10 million shall be reported to our general manager for approval prior to execution. We shall obtain quotations from at least three banks and select product with high overall returns and low risks in principle. The risk profile of the product shall not exceed our standard, and any purchase exceeding such standard shall be submitted to our general manager for approval.

Our investment in such wealth management products and structured deposits after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Inventories

Our inventories consist primarily of (1) raw materials, which mainly consisted of wafers; (2) semi-finished products and WIP; and (3) finished goods. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials	65,129	44,052	36,134	52,856
Semi-finished products and WIP	72,246	50,206	78,053	115,546
Finished goods	33,117	33,975	42,463	63,680
Total	**170,492**	**128,233**	**156,650**	**232,082**

Our inventories decreased from RMB170.5 million as of December 31, 2022 to RMB128.2 million as of December 31, 2023, primarily due to decreases in our semi-finished products and WIP and raw materials, mainly because we strategically stocked up our inventories mainly in response to the cyclical impact of the semiconductor supply chain, which had a higher cost and led to a higher balance of year-end balance of inventories in 2022. Our inventories increased from RMB128.2 million as of December 31, 2023 to RMB156.7 million as of December 31, 2024, and further to RMB232.1 million as of June 30, 2025, due to the increases in our semi-finished products and WIP, and, to a lesser extent, raw materials and finished goods, as we prepared relevant stock for the second half of the year, which was also in line with the expanded scale of our business operations and sales.

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Inventory turnover days[(1)]	458	293	188	310

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year and 182 days for a six-month period).

Our inventory turnover days decreased significantly from 458 days in 2022 to 293 days in 2023, primarily due to the high beginning balance of our inventories in 2022 as a result of our stock-up for the reasons discussed above. Our inventory turnover days decreased from 293 days in 2023 to 188 days in 2024, primarily due to our sales growth and enhanced supply management, which accelerated the turnover of inventories. Our inventory turnover days increased to 310 days in the six months ended June 30, 2025, primarily due to the seasonal impact and higher inventory balance as of June 30, 2025 for the reasons discussed above.

As of July 31, 2025, RMB23.5 million, or 10.1%, of our inventories as of June 30, 2025 had been subsequently consumed or sold.

Trade and Other Receivables

Our trade and other receivables mainly represented (1) trade and bill receivables from our customers; (2) prepayments for purchases of inventories and provision of services; and (3) VAT recoverable. The following table sets forth the details of our trade and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables, net of loss allowance	23,687	65,299	79,595	52,743
Bill receivables	6,116	10,697	1,978	423
Prepayments	36,058	44,816	19,119	32,933
VAT recoverable	12,037	5,178	6,418	13,209
Other receivables and deposits, net of loss allowance	836	751	238	612
Total	**78,734**	**126,741**	**107,348**	**99,920**

Our trade and other receivables increased from RMB78.7 million as of December 31, 2022 to RMB126.7 million as of December 31, 2023, primarily due to the increase in (1) our trade receivables (net of loss allowance) and bill receivables, which was generally in line with our increase in revenue over the same periods; and (2) the increase in prepayments due to our increased procurement to meet the needs of our expanding operations, partially offset by the decrease in VAT recoverable due to the offsetting of input VAT driven by increased sales. Our trade and other receivables decreased from RMB126.7 million as of December 31, 2023 to RMB107.3 million as of December 31, 2024, primarily due to (1) a decrease in prepayments, mainly resulting from our improved management of prepayments; and (2) a decrease in bill receivables due to settlement, partially offset by (1) an increase in trade receivables (net of loss allowance), which was generally in line with our increase in revenue over the same periods. Our trade and other receivables decreased from RMB107.3 million as of December 31, 2024 to RMB99.9 million as of June 30, 2025, primarily due to the decrease in trade receivables (net of loss allowance) and bill receivables due to settlement, partially offset by (1) the increase in prepayments due to our increased procurement to meet the needs of our planned expansion; and (2) the increase in VAT recoverable, due to the accrual of input VAT as a result of increased procurement.

The credit period with our customers for sales on credit is generally 30 to 90 days. The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade receivables turnover days[(1)]	55	74	77	78

(1) The trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year and 182 days for a six-month period).

Our trade receivables turnover days increased moderately from 55 days in 2022 to 74 days, as we provided credit periods to certain major customers, such as automotive OEMs, in line with their business practices. Our trade receivables turnover days remained relatively stable at 77 and 78 days in 2024 and the six months ended June 30, 2025.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) based on invoice date and net of loss allowance as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within one year	21,524	65,291	79,595	52,743
One to two years	2,163	8	–	–
Total	**23,687**	**65,299**	**79,595**	**52,743**

As of July 31, 2025, RMB9.5 million, or 17.9%, of our trade receivables as of June 30, 2025 had been settled.

Pledged Bank Deposits

Our pledged bank deposits during the Track Record Period were primarily related to deposits for bills or guarantees. Our pledged bank deposits remained relatively stable at RMB4.1 million as of December 31, 2022 and RMB3.2 million as of December 31, 2023. Our pledged bank deposits increased significantly from RMB3.2 million as of December 31, 2023 to RMB35.1 million as of December 31, 2024, and further to RMB66.9 million as of June 30, 2025, primarily due to the increase in guarantee deposits to suppliers for our procurement.

Financial Instruments Issued to Investors

We had financial instruments issued to investors of RMB732.4 million, RMB1,379.8 million, RMB1,736.0 million and RMB1,862.5 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. During the Track Record Period, we issued financial instruments to investors in which certain investors were granted the right to require our Company to redeem their paid-in capital for cash upon specified events. We recognized our obligation to pay cash to those investors with redemption right as financial liabilities, because not all triggering events in the relevant agreements are within our control. See Note 26 of the Accountants' Report in Appendix I to this document.

Our financial instruments issued to investors increased from RMB732.4 million as of December 31, 2022 to RMB1,379.8 million as of December 31, 2023, and then increased to RMB1,736.0 million as of December 31, 2024, due to the joint impacts of (1) the issuance of new instruments to investors; and (2) the increase in the fair value of such instruments. Our financial instruments issued to investors then increased to RMB1,862.5 million as of June 30, 2025, primarily due to the increase in the fair value of such instruments.

Trade and Other Payables

Our trade and other payables primarily represented (1) trade and bill payables; (2) accrued payroll, primarily representing salaries and bonuses payable to employees; (3) tax payables; (4) contract liabilities; and (5) injection from shareholders of the Company, representing the financing proceeds from our investors as of the relevant dates which had not been converted into our shares. The following table sets forth the details of our trade and other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables	18,890	35,547	36,760	40,965
Bill payables	10,296	5,089	–	3,459
Accrued payroll	15,651	24,249	18,199	13,288
Tax payables	1,588	2,727	4,873	495
Other payables and accruals	1,388	4,577	2,360	1,591
Injection from shareholders of the Company	75,000	–	30,000	30,000
Contract liabilities	8,014	14,629	4,136	3,683
Total	**130,827**	**86,818**	**96,328**	**93,481**

Our trade and other payables decreased from RMB130.8 million as of December 31, 2022 to RMB86.8 million as of December 31, 2023, primarily due to a decrease in injection from shareholders of the Company, as the interest of relevant investors was converted into our shares in 2023; partially offset by (1) an increase in trade payables in line with the growth of our sales and procurement over the same periods; and (2) an increase in accrued payroll due to increase in employee headcount. Our trade and other payable then increased from RMB86.8 million as of December 31, 2023 to RMB96.3 million, primarily due to the increase in injection of shareholders of the Company of RMB30.0 million. Our trade and other payable decreased from RMB96.3 million as of December 31, 2024 to RMB93.5 million as of June 30, 2025, primarily due to (1) a decrease in accrued payroll due to settlement of bonuses in 2025; and (2) a decrease in tax payables due to settlement.

Our suppliers typically grant us credit periods for purchase on credit of 30 to 90 days. The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade payables turnover days[(1)]	58	53	48	62

(1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year and 182 days for a six-month period).

The following table sets forth an aging analysis of our trade payables based on invoice dates as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	18,028	34,509	36,406	39,933
1 to 2 years	862	999	343	1,032
2 to 3 years	–	39	2	–
Over 3 years	–	–	9	–
Total	**18,890**	**35,547**	**36,760**	**40,965**

As of July 31, 2025, RMB22.1 million, or 53.9%, of our trade payables as of June 30, 2025 had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw materials, R&D activities and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from equity financing, cash generated from our operations and borrowings. After the [**REDACTED**], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net [**REDACTED**] from the [**REDACTED**]. As of December 31, 2022, 2023 and 2024, June 30, 2025 and July 31, 2025, we had cash and cash equivalents of RMB123.5 million, RMB98.8 million, RMB89.1 million, RMB123.9 million and RMB125.8 million, respectively. As of the same dates, we had current portion of financial assets at FVPL (representing wealth management products) of nil, RMB233.3 million, RMB274.7 million, RMB124.4 million and RMB93.5 million, respectively. As of the same dates, we also had time deposits of nil, RMB3.0 million, RMB3.1 million, RMB3.1 million and RMB3.1 million, respectively. As of July 31, 2025, our bank facilities available for use were RMB510.0 million, none of which had been utilized. We do not anticipate any changes to the availability of financing to fund our operations in the future. Taking into account the financial resources available to us, including our cash and cash equivalents, future cash flow from operating activities, current portion of financial assets at FVPL representing wealth management products, available bank facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (1) net cash used in operating activities, (2) payments for the purchases of property, plant and equipment and intangible assets, (3) capital element of lease rentals paid, and (4) interest element of lease rentals paid. Our historical cash burn rate was RMB17.2 million for the 12 months ended June 30, 2025. We had cash and cash equivalents, current portion of financial assets at FVPL and time deposits of RMB125.8 million, RMB93.5 million and RMB3.1 million as of July 31, 2025, respectively. As of July 31, 2025, our bank facilities available for use were RMB510.0 million. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] in this Document. Assuming that the average cash burn rate going forward will be similar to the cash burn rate level in the 12 months ended June 30, 2025, we estimate that our cash and cash equivalents, current portion of financial assets at FVTPL time deposits and bank facilities as of July 31, 2025 will be able to maintain our financial viability for 42.5 months or, if we take into account [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**] months or, if we also take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(Unaudited)	
Operating loss before changes in working capital	(67,358)	(90,592)	(76,641)	(41,577)	(11,693)
Working capital changes	(83,326)	30,242	(60,481)	(14,873)	(103,141)
Cash used in operations	(150,684)	(60,350)	(137,122)	(56,450)	(114,834)
Income tax paid	(1,507)	(820)	–	–	–
Net cash used in operating activities	(152,191)	(61,170)	(137,122)	(56,450)	(114,834)
Net cash (used in)/ generated from investing activities	(69,015)	(260,980)	(43,839)	31,632	151,938
Net cash generated from/ (used in) financing activities	313,767	297,431	171,244	(2,351)	(2,324)
Cash and cash equivalents at the beginning of the year/period	30,963	123,524	98,805	98,805	89,088
Cash and cash equivalents at the end of year/ period	**123,524**	**98,805**	**89,088**	**71,636**	**123,868**

Net cash used in operating activities

Net cash used in operating activities was RMB114.8 million in the six months ended June 30, 2025, primarily due to our loss before taxation of RMB143.3 million, as adjusted by (1) certain non-cash and non-operating items, primarily including finance costs of RMB126.7 million, depreciation of property, plant and equipment of RMB3.3 million, depreciation of right-of-use assets of RMB2.2 million and net realized and unrealized gain on financial assets at FVPL of RMB2.6 million, and (2) changes in working capital that negatively affected our cash flows, primarily including an increase in inventories of RMB75.9 million and an increase in pledged bank deposit of RMB31.8 million; partially offset by changes in working capital that positively affected our cash flows, primarily including a decrease in trade and other receivables of RMB7.7 million.

Net cash used in operating activities was RMB137.1 million in 2024, primarily due to our loss before taxation of RMB351.3 million, as adjusted by (1) certain non-cash and non-operating items, primarily including finance costs of RMB251.5 million, depreciation of property, plant and equipment of RMB6.5 million, depreciation of right-of-use assets of RMB4.4 million, net realized and unrealized gain on financial assets at FVPL of RMB3.9 million and write-down of inventories of RMB3.3 million, and (2) that changes in working capital that negatively affected our cash flows, primarily including (i) an increase in pledged bank deposits of RMB31.9 million; (ii) an increase in inventories of RMB31.7 million; and (iii) a decrease in trade and other payables of RMB20.5 million; partially offset by positively affected by changes in working capital that positively affected our cash flows, primarily including a decrease in trade and other receivables of RMB19.3 million.

Net cash used in operating activities was RMB60.4 million in 2023, primarily due to our loss before taxation of RMB355.4 million, as adjusted by (1) certain non-cash and non-operating items, primarily including finance costs of RMB166.7 million, impairment losses of goodwill of RMB76.1 million, net realized and unrealized gain on financial assets at FVPL of RMB8.4 million, depreciation of property, plant and equipment of RMB4.9 million, depreciation of right-of-use assets of RMB4.3 million and equity-settled share-based transactions of RMB3.8 million, and (2) changes in working capital that negatively affected our cash flows, primarily including an increase in trade and other receivables of RMB47.9 million; partially offset by changes in working capital that positively affected our cash flows, primarily including (i) a decrease in inventories of RMB46.2 million; and (ii) an increase in trade and other payables of RMB31.0 million.

Net cash used in operating activities was RMB150.7 million in 2022, primarily due to our loss before taxation of RMB203.5 million, as adjusted by (1) certain non-cash and non-operating items, primarily including finance costs of RMB121.2 million, write-down of inventories of RMB5.4 million, depreciation of right-of-use assets of RMB3.5 million and depreciation of property, plant and equipment of RMB3.1 million, and (2) changes in working capital that negatively affected our cash flows, primarily including an increase in inventories of RMB92.8 million and an increase in trade and other receivables of RMB9.6 million, partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade and other payables of RMB24.6 million.

Net cash (used in)/generated from investing activities

Net cash flows generated from investing activities was RMB151.9 million in the six months ended June 30, 2025, primarily due to proceeds from disposal of financial assets measured at FVPL of RMB541.9 million, partially offset by payments for acquisition of the same of RMB389.0 million.

Net cash flows used in investing activities was RMB43.8 million in 2024, primarily due to payments for acquisition of financial assets measured at FVPL of RMB889.0 million, partially offset by proceeds from disposal of the same of RMB853.7 million.

Net cash flows used in investing activities was RMB261.0 million in 2023, primarily due to payments for acquisition of financial assets measured at FVPL of RMB332.0 million, partially offset by proceeds from disposal of the same of RMB80.3 million.

Net cash flows used in investing activities was RMB69.0 million in 2022, primarily due to (1) payment for acquisition of subsidiaries (net of cash acquired) of RMB100.6 million in connection with our acquisition of Gainsil; and (2) payments for acquisition of financial assets measured at FVPL of RMB95.3 million, partially offset by proceeds from disposal of the same of RMB142.5 million.

Net cash generated from/(used in) financing activities

Net cash used in financing activities was RMB2.3 million in the six months ended June 30, 2025, primarily due to the capital element of lease rentals paid of RMB2.2 million.

Net cash flows from financing activities was RMB171.2 million in 2024, primarily due to (1) proceeds from the issue of financial instruments to investors of RMB105.0 million; (2) proceeds received in advance from the issue of the same of RMB30.0 million; (3) capital injection from equity shareholder of RMB29.0 million; and (4) proceeds from loans and borrowings of RMB12.0 million, partially offset by capital element of lease rentals paid of RMB4.6 million.

Net cash flows from financing activities was RMB297.4 million in 2023, primarily due to proceeds from the issue of financial instruments to investors of RMB407.9 million, partially offset by repayment of loans and borrowings of RMB111.0 million.

Net cash flows from financing activities was RMB313.8 million in 2022, primarily due to (1) proceeds from the issue of financial instruments to investors of RMB163.4 million; (2) proceeds from loans and borrowings of RMB140.6 million; and (3) proceeds received in advance from the issue of the same of RMB75.0 million, partially offset by (1) repayment of loans and borrowings of RMB38.5 million; and (2) changes acquisition of non-controlling interests of RMB23.1 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	**2023**	**2024**	**2025**
		(RMB in thousands)		
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Research and development costs	6,911	6,179	6,460	1,587
Workforce employment	41,355	82,425	94,642	43,503
Direct production costs	193,835	170,186	375,043	259,768
Product marketing	1,560	2,090	2,494	4,623
Non-income taxes, royalties and other governmental charges	20,873	24,459	32,438	17,394
Contingency allowances	–	–	–	–

INDEBTEDNESS

Our indebtedness during the Track Record Period primarily consisted of loans and borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)				
					(Unaudited)
Current					
Loans and borrowings	79,281	–	12,103	12,251	12,277
Lease liabilities	3,382	4,296	3,393	2,998	2,656
Total current	**82,663**	**4,296**	**15,496**	**15,249**	**14,933**
Non-current					
Loans and borrowings	24,802	–	–	–	–
Lease liabilities	5,835	3,433	209	1,246	1,122
Total non-current	**30,637**	**3,433**	**209**	**1,246**	**1,122**
Total indebtedness	**113,300**	**7,729**	**15,705**	**16,495**	**16,055**

Loans and Borrowings

We had loans and borrowings of RMB104.1 million, nil, RMB12.1 million, RMB12.3 million and RMB12.3 million as of December 31, 2022, 2023, 2024, June 30, 2025 and July 31, 2025, respectively. The effective interest rate of our loans and borrowings ranged between 3.45% and 3.80%, and was at 2.50% and 2.50% as of December 31, 2022 and 2024 and June 30, 2025, respectively.

The following table sets forth details of the security and guarantees for our loans and borrowings as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Pledged and guaranteed loans[(1)]	38,330	–	–	–
Pledged and unguaranteed loans[(2)]	43,330	–	–	–
Credit loans[(3)]	22,423	–	12,103	12,251
Total	**104,083**	**–**	**12,103**	**12,251**

(1) Loans and borrowings of RMB38.3 million were guaranteed by related party and pledged by equity interests in a subsidiary as of December 31, 2022. See Note 31(c) of the Appendix I to this document.

(2) Loans and borrowings of RMB43.3 million were pledged by patent rights as of December 31, 2022.

(3) As of June 30, 2025, we had loans and borrowings of RMB12.3 million were repayable within one year or on demand, which represented the loan from Dr. Li and Mr. Li, all of which had been settled.

Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

We had lease liabilities of RMB9.2 million, RMB7.7 million, RMB3.6 million, RMB4.2 million and RMB3.8 million as of December 31, 2022, 2023 and 2024, June 30, 2025 and July 31, 2025, respectively. Our lease liabilities were primarily related to our office and warehouse leases.

Indebtedness Statement

Save as disclosed above, as of December 31, 2022, 2023 and 2024, June 30, 2025 and July 31, 2025, we had nil bank loans or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities.

Since July 31, 2025 and up to the Latest Practicable Date, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024 and June 30, 2025, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of our Group that is likely to have a material and adverse effect on our business, financial condition and result of operations.

RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our research and development expenditure primarily consisted of research and development costs adjusted by adding back intangible assets related to research and development software acquired from third parties and capitalized and deducting amortization expenses for capitalized intangible assets included in research and development expenditure. The table below sets forth our annual and total research and development expenditure for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
		(RMB in thousands)	
Research and development costs	**76,941**	**95,891**	**107,901**
Adjustments:			
Add: intangible assets acquired from third parties and capitalized	2,677	154	256
Less: amortization expense of capitalized intangible assets included in research and development expenditure	(1,535)	(2,077)	(1,711)
Annual research and development expenditure	**78,083**	**93,968**	**106,446**
Total research and development expenditure for the three financial years prior to the [REDACTED]			**278,497**

The table below sets forth our annual and total operating expenditure for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Research and development costs	**76,941**	**95,891**	**107,901**
Selling and marketing costs	**8,645**	**11,455**	**15,794**
Administrative expenses	**28,259**	**40,951**	**44,984**
Adjustments:			
Add: intangible assets acquired from third parties and capitalized	2,677	154	256
Less: amortization expense of capitalized intangible assets included in research and development expenditure	(1,535)	(2,077)	(1,710)
Annual total operating expenditure	**114,987**	**146,374**	**167,224**
Total operating expenditure for the three financial years prior to the [REDACTED]			**428,586**

The table below sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
Annual research and development expenditure ratio[(1)]	67.9%	64.2%	63.7%
Total research and development expenditure ratio[(2)]			65.0%

(1) Calculated by dividing annual research and development expenditure by annual total operating expenditure.

(2) Calculated by dividing annual total research and development expenditure for the three financial years prior to the [**REDACTED**] by total operating expenditure for the three financial years prior to the [**REDACTED**].

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on purchase of property, plant and equipment and purchase of intangible asset. The following table sets forth our capital expenditure for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Payments for the purchase of property, plant and equipment and intangible assets	15,652	6,254	8,541	939

We expect to incur additional capital expenditure in 2025, primarily for the purchase of property, plant and equipment and intangible assets. We plan to fund such planned capital expenditures through our existing cash and cash generated from our operating activities. After the [**REDACTED**], we expect to finance our capital expenditure through a combination of existing cash, cash flows generated from our operating activities, bank borrowings and net [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" for the portion of capital expenditures to be funded by the [**REDACTED**] from the [**REDACTED**]. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions, regulatory environment and other factors we believe to be appropriate.

Capital Commitments

We did not have any material capital commitments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

[**REDACTED**]

[**REDACTED**]

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties. Our related party transactions during the Track Record Period primarily included certain loans from Dr. Li and Mr. Li. See "—Indebtedness—Loans and Borrowings" and Note 23 of the Accountants' Report in Appendix I to this document for details. Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business at arm's length with reference to normal commercial terms, and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,			As of/for the six months ended June 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Profitability:					
Gross profit margin	15.4%	16.6%	20.3%	14.0%	27.1%
Liquidity:					
Current ratio[(1)]	1.8	6.5	6.0	N/A	6.0
Quick ratio[(2)]	1.0	5.1	4.6	N/A	3.8

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

(2) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.

Analysis of Key Financial Ratios

Gross profit margin

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current ratio and quick ratio

Our current ratio and quick ratio increased from 1.8 and 1.0 as of December 31, 2022, respectively, to 6.5 and 5.1 as of December 31, 2023, respectively, primarily due to (1) the increase in financial assets at FVPL as we purchased relevant wealth management products with our funds from our financing activities; and (2) the decrease in loans and borrowings due to repayment. Our current ratio and quick ratio then decreased to 6.0 and 4.6 as of December 31, 2024, respectively, primarily due to (1) the increase in loans and borrowings; and (2) the increase in trade and other payables. Our current ratio remained relatively stable at 6.0 as of June 30, 2025, while our quick ratio decreased to 3.8 as of the same date, primarily due to the increases in inventories due to the increases in our semi-finished products and WIP, and, to a lesser extent, raw materials and finished goods, as we prepared relevant stock for the second half of the year, which was also in line with the expanded scale of our business operations and sales, while our financial assets at FVPL decreased due to redemption.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents, pledged bank deposits and fixed deposits with more than three months to maturity is limited because the counterparties are state-owned banks or reputable commercial banks for which we consider to have low credit risk. For details of our credit risk exposure, including ECLs for trade receivables, see Note 30(a) to the Accountants' Report in Appendix I to this document.

Liquidity Risk

Our policy is to regularly monitor liquidity requirements, and to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. For details of our remaining contractual maturities at the end of each reporting period of our financial liabilities, see Note 30(b) to the Accountants' Report in Appendix I to this document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash at bank, pledged bank deposits and interest-bearing borrowings. Our interest-bearing financial instruments at variable rates as of December 31, 2022, 2023 and 2024 and June 30, 2025 are primarily the cash at bank, pledged bank deposits and interest-bearing borrowings, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant. For details of the maturity profile and effective interest rates at the end of each reporting period, as well as relevant sensitivity analysis, see Note 30(c) to the Accountants' Report in Appendix I to this document.

Currency Risk

We are exposed to currency risk primarily through purchases which give rise to payables and cash balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily U.S. Dollars. For details of our currency risk exposure at the end of each reporting period, as well as relevant sensitivity analysis, see Note 30(d) to the Accountants' Report in Appendix I to this document.

DIVIDENDS

We are a holding company incorporated under the laws of the PRC. During the Track Record Period, we did not declare or pay any dividends. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of June 30, 2025, our Company did not have distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, 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.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since June 30, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for details of our unaudited [**REDACTED**] adjusted consolidated net tangible assets.

[**REDACTED**]

FUTURE PLANS

See "Business—Our Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the net [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**], will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the indicative range of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), without the exercise of the [**REDACTED**].

We currently intend to use the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as set out below:

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for expanding our business scale and accelerating the commercialization of our new products. Specifically, we plan to use:

  (1) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to procure wafers, chip packing and testing services for expanded commercialization of our products, as well as to establish in-house module manufacturing capabilities for more efficient supply of our products; and

  (2) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to fund the certification of our products, including automotive-grade certifications for reliability, functional safety and quality, such as AEC-Q100 and AEC-Q103, to shorten the time of customer introduction and enhance our product matrix.

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for the enhancement of our R&D capabilities for advanced technologies and foundational technologies in intelligent tire sensing SoCs, BMS SoCs and USI SoCs. Specifically, we plan to use:

  (1) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to fund the basic R&D of our new technologies and products, including materials costs, processing fees, IP licensing fees and testing and verification expenses. Our testing and verification expenses primarily include costs incurred in the tape-out of our products;

  (2) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to recruit and retain senior level R&D personnel with accumulated expertise in the development of our wireless, sensing, and SoC technologies;

  (3) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to purchase hardware and software to strengthen our R&D infrastructure and processes, including a variety of testing tools, EDA and other software; and

  (4) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to pay for the lease expenses and related fees for the expansion of our R&D center.

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our domestic and international sales network and enhance our global market presence. Specifically, we plan to use:

  (1) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to obtain and attract domestic and international automotive OEMs and Tier 1 suppliers to increase our market penetration in the global automotive industry. We plan to actively conduct marketing campaigns domestically and internationally by attending relevant exhibitions and regularly making customer visits, further elevating our brand awareness;

  (2) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to establish international sales network to maintain and consolidate our collaborative partnerships with international customers and provide localized customer services, including recruiting and retaining relevant sales personnel; and

  (3) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, to improve our technical support for customers, such as establishing on-site support services.

- approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for strategic investment or acquisition to achieve long-term development goals. We seek potential investment and acquisition opportunities in both domestic and international markets, aim to enhance our R&D abilities, expand our product portfolio, and diversify our customer base.

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

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed below or above the [**REDACTED**] of the [**REDACTED**]. We will receive net [**REDACTED**] of HK$[**REDACTED**] million assuming an [**REDACTED**] of HK$[**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**] of the [**REDACTED**]), and net [**REDACTED**] of HK$[**REDACTED**] million assuming an [**REDACTED**] of HK$[**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**] of the [**REDACTED**]), without the exercise of the [**REDACTED**]. Any additional [**REDACTED**] received from the exercise of the [**REDACTED**] will also be allocated to the above purposes on a pro rata basis. In the event that the [**REDACTED**] is exercised in full, we will receive net [**REDACTED**] of HK$[**REDACTED**] million (after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the [**REDACTED**] of our [**REDACTED**]).

To the extent that the net [**REDACTED**] are not immediately applied to the above purposes, we will only deposit the net [**REDACTED**] into interest-bearing account at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions, so long as it is deemed to be in the best interests of our Company.

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

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[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

The following is the text of a report set out on pages I-1 to I-53, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SENASIC ELECTRONICS TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of SENASIC Electronics Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-53, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-53 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2024 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I–3 have been made.

Dividends

We refer to Note 29 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[*Date*]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	*4*	103,800	223,483	347,540	123,359	156,812
Cost of sales		(87,779)	(186,337)	(276,936)	(106,098)	(114,264)
Gross profit		16,021	37,146	70,604	17,261	42,548
Other net income/(losses)	*5*	15,504	(1,376)	(1,805)	1,366	4,228
Selling and marketing costs		(8,645)	(11,455)	(15,794)	(6,505)	(9,099)
Administrative expenses		(28,259)	(40,951)	(44,984)	(21,841)	(18,485)
Research and development costs		(76,941)	(95,891)	(107,901)	(39,883)	(35,758)
Impairment losses on goodwill	*15*	–	(76,136)	–	–	–
Loss from operations		(82,320)	(188,663)	(99,880)	(49,602)	(16,566)
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors	*26*	(118,979)	(164,506)	(251,161)	(79,896)	(126,468)
Other finance costs		(2,178)	(2,231)	(298)	(119)	(229)
Finance costs	*6(a)*	(121,157)	(166,737)	(251,459)	(80,015)	(126,697)
Loss before taxation	*6*	(203,477)	(355,400)	(351,339)	(129,617)	(143,263)
Income tax	*7(a)*	(1,171)	(401)	–	–	–
Loss for the year/period		(204,648)	(355,801)	(351,339)	(129,617)	(143,263)
Attributable to:						
Equity shareholders of the Company		(206,347)	(355,801)	(351,339)	(129,617)	(143,263)
Non-controlling interests		1,699	–	–	–	–
Loss for the year/period		(204,648)	(355,801)	(351,339)	(129,617)	(143,263)
Loss per share						
Basic and Diluted (RMB)	*10*	N/A	N/A	N/A	N/A	N/A
Loss for the year/period		(204,648)	(355,801)	(351,339)	(129,617)	(143,263)
Other comprehensive income for the year/period		–	–	–	–	–
Total comprehensive income for the year/period		(204,648)	(355,801)	(351,339)	(129,617)	(143,263)
Attributable to:						
Equity shareholders of the Company		(206,347)	(355,801)	(351,339)	(129,617)	(143,263)
Non-controlling interests		1,699	–	–	–	–
Total comprehensive income for the year/period		(204,648)	(355,801)	(351,339)	(129,617)	(143,263)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	At 31 December 2022	At 31 December 2023	At 31 December 2024	At 30 June 2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	*11*	18,416	16,969	18,657	16,114
Right-of-use assets	*12*	9,155	7,519	3,609	4,327
Intangible assets	*13*	6,512	4,508	2,900	2,338
Financial assets at fair value through profit or loss ("FVPL")	*19*	–	10,037	–	–
Goodwill	*15*	76,136	–	–	–
Other non-current assets	*14*	1,585	1,829	1,608	1,554
		111,804	40,862	26,774	24,333
Current assets					
Inventories	*17*	170,492	128,233	156,650	232,082
Trade and other receivables	*18*	78,734	126,741	107,348	99,920
Financial assets at fair value through profit or loss ("FVPL")	*19*	–	233,272	274,704	124,400
Time deposits	*21(a)*	–	3,001	3,080	3,119
Pledged bank deposits	*20*	4,118	3,183	35,092	66,913
Cash and cash equivalents	*21(a)*	123,524	98,805	89,088	123,868
		376,868	593,235	665,962	650,302
Current liabilities					
Trade and other payables	*22*	130,827	86,818	96,328	93,481
Loans and borrowings	*23*	79,281	–	12,103	12,251
Income tax payables		419	–	–	–
Lease liabilities	*24*	3,382	4,296	3,393	2,998
		213,909	91,114	111,824	108,730
Net current assets		162,959	502,121	554,138	541,572
Total assets less current liabilities		274,763	542,983	580,912	565,905
Non-current liabilities					
Loans and borrowings	*23*	24,802	–	–	–
Lease liabilities	*24*	5,835	3,433	209	1,246
Deferred income	*25*	–	–	4,338	3,998
Financial instruments issued to investors	*26*	732,417	1,379,823	1,735,984	1,862,452
		763,054	1,383,256	1,740,531	1,867,696
NET LIABILITIES		(488,291)	(840,273)	(1,159,619)	(1,301,791)
Capital and reserves					
Paid-in capital	*29(c)*	3,939	15,183	–	–
Share capital	*29(d)*	–	–	16,147	16,147
Reserves	*29(e)*	(492,230)	(855,456)	(1,175,766)	(1,317,938)
TOTAL DEFICIT		(488,291)	(840,273)	(1,159,619)	(1,301,791)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	At 31 December 2022	At 31 December 2023	At 31 December 2024	At 30 June 2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment		15,219	14,521	17,256	15,145
Right-of-use assets		5,855	5,282	2,346	3,389
Intangible assets		5,552	3,785	2,415	1,973
Investments in subsidiaries	*16*	141,281	61,285	96,285	126,285
Financial assets at fair value through profit or loss ("FVPL")	*19*	–	10,037	–	–
Other non-current assets		1,112	1,355	1,094	1,040
		169,019	96,265	119,396	147,832
Current assets					
Inventories	*17*	133,414	93,264	121,098	194,687
Trade and other receivables	*18*	92,581	144,671	131,302	126,346
Financial assets at fair value through profit or loss ("FVPL")	*19*	–	213,272	254,674	124,400
Time deposits		–	3,001	3,080	3,119
Pledged bank deposits		4,118	3,183	35,092	66,913
Cash and cash equivalents		115,111	85,520	16,740	23,997
		345,224	542,911	561,986	539,462
Current liabilities					
Trade and other payables	*22*	150,234	90,825	80,510	94,247
Loans and borrowings	*23*	79,281	–	12,103	12,251
Lease liabilities		2,210	3,095	2,070	2,048
		231,725	93,920	94,683	108,546
Net current assets		113,499	448,991	467,303	430,916
Total assets less current liabilities		282,518	545,256	586,699	578,748
Non-current liabilities					
Loans and borrowings	*23*	24,802	–	–	–
Lease liabilities		3,568	2,279	209	1,246
Deferred income		–	–	4,338	3,998
Financial instruments issued to investors	*26*	732,417	1,379,823	1,735,984	1,862,452
		760,787	1,382,102	1,740,531	1,867,696
NET LIABILITIES		(478,269)	(836,846)	(1,153,832)	(1,288,948)
Capital and reserves					
Paid-in capital	*29(c)*	3,939	15,183	–	–
Share capital	*29(d)*	–	–	16,147	16,147
Reserves	*29(e)*	(482,208)	(852,029)	(1,169,979)	(1,305,095)
TOTAL DEFICIT		(478,269)	(836,846)	(1,153,832)	(1,288,948)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity shareholders of the Company							
		Paid-in capital	Share capital	Capital reserve	Share premium	Accumulated losses	Total	Non-controlling interests	Total deficit
		RMB'000 (Note 29(c))	RMB'000 (Note 29(d))	RMB'000 (Note 29(e)(ii))	RMB'000 (Note 29(e)(i))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		3,608	–	3,551	–	(282,435)	(275,276)	–	(275,276)
Total comprehensive income for the year		–	–	–	–	(206,347)	(206,347)	1,699	(204,648)
Capital injections from investors		331	–	163,098	–	–	163,429	–	163,429
Recognition of financial instruments issued to investors as non-current liabilities	*26*	–	–	(163,429)	–	–	(163,429)	–	(163,429)
Non-controlling interests arising from business combination	*27*	–	–	–	–	–	–	12,630	12,630
Acquisition of non-controlling interests	*27*	–	–	(8,771)	–	–	(8,771)	(14,329)	(23,100)
Equity-settled share-based transactions		–	–	2,103	–	–	2,103	–	2,103
Balance at 31 December 2022 and 1 January 2023		3,939	–	(3,448)	–	(488,782)	(488,291)	–	(488,291)
Total comprehensive income for the year		–	–	–	–	(355,801)	(355,801)	–	(355,801)
Capital injections from investors		793	–	482,107	–	–	482,900	–	482,900
Recognition of financial instruments issued to investors as non-current liabilities	*26*	–	–	(482,900)	–	–	(482,900)	–	(482,900)
Transfer of capital reverse to paid-in capital		10,451	–	(10,451)	–	–	–	–	–
Equity-settled share-based transactions		–	–	3,819	–	–	3,819	–	3,819
Balance at 31 December 2023		15,183	–	(10,873)	–	(844,583)	(840,273)	–	(840,273)

	Note	Attributable to equity shareholders of the Company							
		Paid-in capital	Share capital	Capital reserve	Share premium	Accumulated losses	Total	Non-controlling interests	Total deficit
		RMB'000 (Note 29(c))	RMB'000 (Note 29(d))	RMB'000 (Note 29(e)(ii))	RMB'000 (Note 29(e)(i))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2023 and 1 January 2024		15,183	–	(10,873)	–	(844,583)	(840,273)	–	(840,273)
Total comprehensive income for the year		–	–	–	–	(351,339)	(351,339)	–	(351,339)
Capital injections from investors/shareholders		628	336	58,387	74,664	–	134,015	–	134,015
Recognition of financial instruments issued to investors as non-current liabilities	*26*	–	–	(105,000)	–	–	(105,000)	–	(105,000)
Conversion to a joint stock company	*29(d)(i)*	(15,811)	15,811	(1,002,789)	530,724	472,065	–	–	–
Equity-settled share-based transactions		–	–	2,978	–	–	2,978	–	2,978
Balance at 31 December 2024 and 1 January 2025		–	16,147	(1,057,297)	605,388	(723,857)	(1,159,619)	–	(1,159,619)
Total comprehensive income for the period		–	–	–	–	(143,263)	(143,263)	–	(143,263)
Equity-settled share-based transactions		–	–	1,091	–	–	1,091	–	1,091
Balance at 30 June 2025		–	16,147	(1,056,206)	605,388	(867,120)	(1,301,791)	–	(1,301,791)
Unaudited:									
Balance at 1 January 2024		15,183	–	(10,873)	–	(844,583)	(840,273)	–	(840,273)
Total comprehensive income for the period		–	–	–	–	(129,617)	(129,617)	–	(129,617)
Equity-settled share-based transactions		–	–	1,812	–	–	1,812	–	1,812
Balance at 30 June 2024 (unaudited)		15,183	–	(9,061)	–	(974,200)	(968,078)	–	(968,078)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities:						
Cash used in operations	*21(b)*	(150,684)	(60,350)	(137,122)	(56,450)	(114,834)
Income tax paid		(1,507)	(820)	–	–	–
Net cash used in operating activities		(152,191)	(61,170)	(137,122)	(56,450)	(114,834)
Investing activities:						
Payments for the purchase of property, plant and equipment and intangible assets		(15,652)	(6,254)	(8,541)	(3,173)	(939)
Proceeds from disposal of property, plant and equipment		7	–	–	37	–
Increase in time deposits		–	(3,000)	–	–	–
Payment for acquisition of subsidiaries, net of cash acquired	*27*	(100,570)	–	–	–	–
Payments for acquisition of financial assets measured at FVPL		(95,289)	(332,000)	(889,000)	(420,000)	(389,000)
Proceeds from disposal of financial assets measured at FVPL		142,489	80,274	853,702	454,768	541,877
Net cash (used in)/ generated from investing activities		(69,015)	(260,980)	(43,839)	31,632	151,938

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Financing activities:						
Capital element of lease rentals paid	*21(c)*	(3,467)	(4,155)	(4,576)	(2,232)	(2,243)
Interest element of lease rentals paid	*21(c)*	(233)	(318)	(203)	(119)	(81)
Proceeds from loans and borrowings	*21(c)*	140,639	5,000	12,008	–	–
Repayment of loans and borrowings	*21(c)*	(38,501)	(110,996)	–	–	–
Capital injection from equity shareholder		–	–	29,015	–	–
Acquisition of non-controlling interests	*27(ii)*	(23,100)	–	–	–	–
Proceeds received in advance from the issue of financial instruments to investors	*22*	75,000	–	30,000	–	–
Proceeds from the issue of financial instruments to investors	*26*	163,429	407,900	105,000	–	–
Net cash generated from/(used in) financing activities		313,767	297,431	171,244	(2,351)	(2,324)
Net increase/(decrease) in cash and cash equivalents		92,561	(24,719)	(9,717)	(27,169)	34,780
Cash and cash equivalents at beginning of the year/period	*21(a)*	30,963	123,524	98,805	98,805	89,088
Cash and cash equivalents at end of the year/period	*21(a)*	123,524	98,805	89,088	71,636	123,868

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

SENASIC Electronics Technology Co., Ltd.* (the "Company") (琺捷電子科技(江蘇)股份有限公司), formerly known as Nanjing Yingruichuang Electronics Co., Ltd.* (南京英銳創電子科技有限公司) was incorporated in Nanjing, Jiangsu Province, People's Republic of China (the "PRC") in March 2015 as a limited liability company. In November 2024, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, "the Group") are principally engaged in design, research and development and sales of chip products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") and audited by Shanghai Xuanhe Certified Public Accountants (General Partnership)* (上海軒和會計師事務所(普通合夥)).

As at 30 June 2025, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest: Directly held by the Company	Proportion of ownership interest: Indirectly held by the Company	Principal activities	Name of statutory auditor
Shanghai SENASIC Electronic Technology Co., Ltd.* 上海琺捷電子科技有限公司	The PRC 09 January 2019	RMB65,000,000/ RMB65,000,000	100.00%	–	Design, research, development and sales of chips products	2022, 2023 and 2024: Shanghai Xuanhe Certified Public Accountants (General Partnership)* (上海軒和會計師事務所(普通合夥))
Juxun Semiconductor Technology (Shanghai) Co., Ltd.* 聚洵半導體科技(上海)有限公司 *(i)*	The PRC 17 December 2015	RMB1,960,783/ RMB1,960,783	100.00%	–	Design, research, development and sales of chips products	2022 and 2023: Shanghai Xuanhe Certified Public Accountants (General Partnership)* (上海軒和會計師事務所(普通合夥))
Hongkong Senasic Electronic Limited* 香港金捷電子科技有限公司 *(ii)*	Hongkong 25 April 2025	HKD10,000/Nil	100.00%	–	Holding and trading Company	N/A
VIATIRE TECH SDN.BHD. *(ii)*	Malaysia 14 May 2025	RM100/Nil	–	51.00%	Manufacturing and sales of chip products	N/A

Notes:

(i) No audited financial statements for the year ended 31 December 2024 have been prepared.

(ii) No audited financial statements have been prepared for the relevant periods as they either have not carried on any business since the date of incorporation or not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

* The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 34.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

. The Historical Financial Information and the Stub Period Corresponding Financial Information are presented Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investments in equity securities (See Note 2(e)).

(b) Use of estimates and judgments

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the company.

Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(n) or 2(p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Goodwill

Goodwill arising on acquisition of business is measured at cost less accumulated impairment losses and is tested annually for impairment (See Note 3(a)(i))

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 30. These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost of FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made, for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Equipment and machinery	5 years
– Vehicles	4 years
– Office equipment and furniture	3-5 years
– Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(i)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(g) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software	3-10 years
Trademark	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value items which, for the Group are primarily staff dormitories. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e)(i), 2(t)(ii) and 2(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on:

– financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits and trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation there of;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories and other contract costs

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(f)) or intangible assets (see Note 2(g)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered.

Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(t)(i)).

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Financial instruments issued to investors with preferred rights

The Group recognises as a financial liability its obligation to purchase its own equity instruments for cash or another financial asset. The financial liability is measured at the highest present value of the settlement amounts that can arise. Any changes in the carrying amount of the financial liability arising from the remeasurement of the redemption amount is recognised in profit or loss. The Group derecognises the financial liability when, and only when, the Group's obligation is discharged, cancelled or has expired.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group principally generates revenue from sales of ICs products. The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determine whether the Group acts as principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue from sales of the Group's products is recognised when the customer takes possession of and accepts the products.

Revenue excludes value added tax or other sales taxes and is after deduction of other sales taxes or any trade discounts.

(ii) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Source of estimation uncertainty

Note 30 contain information about the assumptions and their risk factors relating to valuation of fair value of financial assets. Other significant sources of estimation uncertainty are as follows:

(i) Impairment of goodwill

The Group determines whether goodwill acquired through business combinations is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. An impairment loss is recognised in profit or loss if the carrying amount of the goodwill, or the cash-generating units to which it belongs, exceeds their recoverable amount. Further details are disclosed in Note 15.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15					
Sales of ICs products	102,374	223,116	346,118	122,467	156,424
Others	1,426	367	1,422	892	388
	103,800	223,483	347,540	123,359	156,812

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Point-in-time	103,800	223,483	347,540	123,359	156,812

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

(b) Segment reporting

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of chip products during the Track Record Period.

(i) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the products were sold.

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mainland China	103,772	223,469	347,496	123,316	156,729
Overseas	28	14	44	43	83
	103,800	223,483	347,540	123,359	156,812

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	N/A*	N/A*	87,554	19,335	35,876
Customer B	15,987	N/A*	N/A*	N/A*	N/A*
Customer C	N/A*	N/A*	N/A*	15,081	N/A*

* Less than 10% of the Group's revenue in the respective year.

5 OTHER NET INCOME/(LOSSES)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	322	2,306	1,283	647	665
Net realised and unrealised gain/(losses) on financial assets measured at FVPL	1,357	(8,417)	(3,903)	(718)	2,573
Net loss on disposal of property, plant and equipment	(8)	(6)	(183)	–	–
Government grants *(Note)*	11,239	5,007	3,629	1,590	3,577
Net foreign exchange gain/(loss)	3,401	(270)	(724)	(413)	(1,757)
Others	(807)	4	(1,907)	260	(830)
	15,504	(1,376)	(1,805)	1,366	4,228

Note: Government grants primarily comprise subsidies received for the encouragement of research and development projects.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs:

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors	26	118,979	164,506	251,161	79,896	126,468
Interest on						
– loans and borrowings	*21(c)*	1,945	1,913	95	–	148
– lease liabilities	*21(c)*	233	318	203	119	81
Total finance costs		121,157	166,737	251,459	80,015	126,697

(b) Staff costs:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	80,600	101,251	102,264	47,667	41,173
Contributions to defined contribution retirement plans *(i)*	6,866	8,571	8,862	4,350	4,110
Equity-settled share-based payment expenses	2,103	3,819	2,978	1,812	1,091
	89,569	113,641	114,104	53,829	46,374

(i) Defined contribution retirement plans

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items:

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold	*17(b)*	87,503	183,562	276,457	105,693	114,198
Depreciation:						
– owned property, plant and equipment	*11*	3,071	4,929	6,518	2,974	3,343
– right-of-use assets	*12*	3,477	4,303	4,359	2,139	2,167
Research and development costs *(i)*		76,941	95,891	107,901	39,883	35,758
Amortisation of intangible assets	*13*	1,697	2,334	1,984	1,134	701
Auditors' remuneration		33	58	41	20	20

(i) During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, research and development costs include staff costs of RMB63,811,000, RMB74,127,000, RMB71,770,000, RMB33,445,000 (unaudited) and RMB28,130,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
Provision for PRC income tax for the year	1,171	401	–	–	–
Deferred tax:					
Origination and reversal of temporary differences	–	–	–	–	–
	1,171	401	–	–	–

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before taxation	(203,477)	(355,400)	(351,339)	(129,617)	(143,263)
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned *(i)*	(50,869)	(88,850)	(87,835)	(32,404)	(35,816)
Effect of preferential tax rate *(ii)*	19,727	35,540	35,134	12,962	14,327
Effect of additional deduction on research and development costs *(iii)*	(8,945)	(13,674)	(14,281)	(5,981)	(5,363)
Tax effect of other non-deductible expenses	18,298	36,744	38,333	12,454	19,364
Effect of deferred tax assets in respect of temporary differences and tax losses not recognised	22,960	30,641	28,649	12,969	7,488
Actual tax expense	1,171	401	–	–	–

(i) Pursuant to the Enterprise Income Tax (the "EIT") Law of the PRC (the "EIT Law"), the Company and it's subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

(ii) According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise in 2020 and renewed in 2023 and is subject to income tax rate at 15% during the Track Record Period. The Company's subsidiary, Shanghai SENASIC Electronics Technology Co., Ltd. obtained the certificate of high-technology enterprise on 15 November 2023 and is subject to income tax rate at 15% from 1 January 2023 to 31 December 2025. The Company's subsidiary, Juxun Semiconductor Technology (Shanghai) Co., Ltd. obtained the certificate of high-technology enterprise in 2018 and renewed in 2021 and 2024 respectively and is subject to income tax rate at 15% during the Track Record Period.

(iii) Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period.

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in Note 2(r), as at 31 December 2022, 2023, 2024 and the six months ended 30 June 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB325,288,000, RMB508,822,000, RMB693,661,000 and RMB747,775,000 and temporary differences of RMB16,123,000, RMB36,865,000, RMB43,017,000 and RMB38,826,000 respectively as they have been loss-making for years and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised. The tax losses arising from operations in mainland China can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2022

2022	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments *(l)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Li Mengxiong (李夢雄)	–	770	24	65	859	–	859
Xu Hongru (徐紅如)	–	858	34	65	957	102	1,059
Li Shuguang (李曙光)	–	806	24	65	895	–	895
Non-executive directors							
Sha Chongjiu (沙重九).	–	–	–	–	–	–	–
Chen Yifan (陳壹帆) *(j)*	–	–	–	–	–	–	–
Yu Wei (俞偉) *(a)*	–	–	–	–	–	–	–
Wang Huadong (王華東) *(b)* .	–	–	–	–	–	–	–
Supervisors							
Xu Jianming (徐建明) *(c)* . . .	–	–	–	–	–	–	–
	–	2,434	82	195	2,711	102	2,813

Year ended 31 December 2023

2023	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments *(l)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Li Mengxiong (李夢雄)	–	708	73	70	851	–	851
Zhu Shouteng (朱守騰) *(d)* . .	–	855	300	70	1,225	161	1,386
Xu Hongru (徐紅如)	–	831	124	70	1,025	102	1,127
Li Shuguang (李曙光)	–	780	81	70	931	–	931
Non-executive directors							
Sha Chongjiu (沙重九).	–	–	–	–	–	–	–
Yang Yuankui (楊元奎) *(e)* . .	–	–	–	–	–	–	–
Chen Yifan (陳壹帆) *(j)*	–	–	–	–	–	–	–
Yu Wei (俞偉) *(a)*	–	–	–	–	–	–	–
Wang Huadong (王華東) *(b)* .	–	–	–	–	–	–	–
Supervisors							
Xu Jianming (徐建明) *(c)* . . .	–	–	–	–	–	–	–
	–	3,174	578	280	4,032	263	4,295

Year ended 31 December 2024

2024	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments *(l)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Li Mengxiong (李夢雄)	–	732	68	73	873	–	873
Zhu Shouteng (朱守騰) *(d)* . .	–	963	211	73	1,247	162	1,409
Xu Hongru (徐紅如)	–	865	144	73	1,082	102	1,184
Li Shuguang (李曙光)	–	807	74	73	954	–	954
Non-executive directors							
Sha Chongjiu (沙重九).	–	–	–	–	–	–	–
Yang Yuankui (楊元奎) *(e)* . .	–	–	–	–	–	–	–
Chen Yifan (陳壹帆) *(j)*	–	–	–	–	–	–	–
Supervisors							
Liu Yong (劉勇) *(f)*.	–	544	80	73	697	–	697
Pu Xiaofei (浦小飛) *(g)*	–	984	273	73	1,330	–	1,330
Qian Zhou (錢周) *(h)*	–	664	187	73	924	5	929
Xu Jianming (徐建明) *(c)* . . .	–	–	–	–	–	–	–
	–	5,559	1,037	511	7,107	269	7,376

Six months ended 30 June 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments *(l)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Li Mengxiong (李夢雄)	–	238	35	37	310	–	310
Zhu Shouteng (朱守騰) *(d)*	–	312	110	37	459	80	539
Xu Hongru (徐紅如)	–	410	80	37	527	51	578
Li Shuguang (李曙光)	–	264	38	37	339	–	339
Non-executive directors							
Sha Chongjiu (沙重九)	–	–	–	–	–	–	–
Yang Yuankui (楊元奎) *(e)*	–	–	–	–	–	–	–
Chen Yifan (陳壹帆) *(j)*	–	–	–	–	–	–	–
Wang Lin (王林) *(i)*	–	–	–	–	–	–	–
Supervisors							
Liu Yong (劉勇) *(f)*	–	181	40	37	258	–	258
Pu Xiaofei (浦小飛) *(g)*	–	333	138	37	508	–	508
Qian Zhou (錢周) *(h)*	–	296	94	37	427	2	429
	–	2,034	535	259	2,828	133	2,961

(Unaudited)
Six months ended 30 June 2024

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments *(l)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Li Mengxiong (李夢雄)	–	348	34	36	418	–	418
Zhu Shouteng (朱守騰) *(d)*	–	407	105	36	548	80	628
Xu Hongru (徐紅如)	–	399	72	36	507	51	558
Li Shuguang (李曙光)	–	383	37	36	456	–	456
Non-executive directors							
Sha Chongjiu (沙重九)	–	–	–	–	–	–	–
Yang Yuankui (楊元奎) *(e)*	–	–	–	–	–	–	–
Chen Yifan (陳壹帆) *(j)*	–	–	–	–	–	–	–
Supervisors							
Jianming Xu (徐建明) *(c)*	–	–	–	–	–	–	–
	–	1,537	248	144	1,929	131	2,060

Notes:

(a) Yu Wei (俞偉) was appointed as a non-executive director of the Company in September 2021 and resigned in July 2023.

(b) Wang Huadong (王華東) was appointed as a non-executive director of the Company in September 2021 and resigned in July 2023.

(c) Xu Jianming (徐建明) was appointed as a non-executive director of the Company in August 2018 and resigned in October 2024.

(d) Zhu Shouteng (朱守騰) was appointed as an executive director of the Company in June 2023.

(e) Yang Yuankui (楊元奎) was appointed as a non-executive director of the Company in June 2023.

(f) Liu Yong (劉勇) was appointed as a supervisor of the Company in October 2024.

(g) Pu Xiaofei (浦小飛) was appointed as a supervisor of the Company in October 2024.

(h) Qian Zhou (錢周) was appointed as a supervisor of the Company in October 2024.

(i) Wang Lin (王林) was appointed as a non-executive director of the Company in May 2025.

(j) Chen Yifan (陳壹帆) was appointed as a non-executive director of the Company in September 2021 and resigned in May 2025.

(k) Yang Yuankui (楊元奎), Wang Lin (王林), Liu Yong (劉勇), Pu Xiaofei (浦小飛) and Qian Zhou (錢周) resigned in August 2025; Ju Hua (鞠樺) was appointed as non-executive director in August 2025; Chu Xiaowen (褚曉文), Cheung Suet Fong (張雪芳), and Jie Donghui (揭東輝) were appointed as independent executive directors in August 2025.

(l) These represent the estimated value of share-based payment granted to the directors under the Company's share-based payment scheme. The value of these share-based payment is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share-based payment, including the principal terms and number of options granted, are disclosed in Note 28.

During the Track Record Period, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025, nil, nil, nil, nil (unaudited) and nil individuals' emoluments are disclosed in Note 8 and the emoluments in respect of the remaining five, five, five, five and five individuals during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowance and benefits in kind	4,777	5,983	6,077	2,842	2,608
Discretionary bonuses	3,427	2,321	1,771	886	1,931
Retirement scheme contributions	318	350	364	181	183
Equity-settled share-based payments	927	2,236	1,687	1,115	391
	9,449	10,890	9,899	5,024	5,113

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
				(unaudited)	
HK$					
Nil – 1,000,000	–	–	–	1	3
1,000,001 – 1,500,000	–	–	–	4	–
1,500,001 – 2,000,000	2	1	–	–	2
2,000,001 – 2,500,000	1	1	5	–	–
2,500,001 – 3,000,000	1	3	–	–	–
3,000,001 – 3,500,000	1	–	–	–	–

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the presentation of the result of the Company for the Track Record Period on the basis of preparation and presentation as disclosed.

11 PROPERTY, PLANT AND EQUIPMENT

	Equipment and machinery	Office equipment and furniture	Vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2022	6,871	1,251	380	701	2,427	11,630
Addition through acquisition of a subsidiary	822	55	788	–	–	1,665
Additions	1,347	10	–	9,070	2,222	12,649
Transfer	6,563	653	–	(7,216)	–	–
Disposals	(1)	(19)	–	–	–	(20)
At 31 December 2022 and 1 January 2023	15,602	1,950	1,168	2,555	4,649	25,924
Additions	376	13	–	5,225	66	5,680
Transfer	4,720	131	–	(6,688)	1,837	–
Disposals	–	(31)	–	–	–	(31)
At 31 December 2023 and 1 January 2024	20,698	2,063	1,168	1,092	6,552	31,573
Additions	1,249	906	–	6,222	12	8,389
Transfer	6,757	380	–	(7,314)	177	–
Disposals	(4,180)	(278)	–	–	–	(4,458)
At 31 December 2024 and 1 January 2025	24,524	3,071	1,168	–	6,741	35,504
Additions	104	–	–	696	–	800
Transfer	696	–	–	(696)	–	–
At 30 June 2025	25,324	3,071	1,168	–	6,741	36,304
Accumulated depreciation:						
At 1 January 2022	(2,643)	(633)	(115)	–	(1,051)	(4,442)
Charge for the year	(1,410)	(531)	(228)	–	(902)	(3,071)
Written back on disposals	–	5	–	–	–	5
At 31 December 2022 and 1 January 2023	(4,053)	(1,159)	(343)	–	(1,953)	(7,508)
Charge for the year	(2,991)	(251)	(305)	–	(1,382)	(4,929)
Written back on disposals	–	25	–	–	–	25
At 31 December 2023 and 1 January 2024	(7,044)	(1,385)	(648)	–	(3,335)	(12,412)
Charge for the year	(4,238)	(462)	(278)	–	(1,540)	(6,518)
Written back on disposals	1,880	203	–	–	–	2,083
At 31 December 2024 1 January 2025	(9,402)	(1,644)	(926)	–	(4,875)	(16,847)
Charge for the period	(2,390)	(210)	(118)	–	(625)	(3,343)
At 30 June 2025	(11,792)	(1,854)	(1,044)	–	(5,500)	(20,190)
Provision for impairment:						
At 1 January 2022, 31 December 2022 and 1 January 2023	–	–	–	–	–	–
Charge for the year	(2,192)	–	–	–	–	(2,192)
At 31 December 2023 and 1 January 2024	(2,192)	–	–	–	–	(2,192)
Written back on disposals	2,192	–	–	–	–	2,192
At 31 December 2024, 1 January 2025 and 30 June 2025	–	–	–	–	–	–
Net book value:						
At 31 December 2022	11,549	791	825	2,555	2,696	18,416
At 31 December 2023	11,462	678	520	1,092	3,217	16,969
At 31 December 2024	15,122	1,427	242	–	1,866	18,657
At 30 June 2025	13,532	1,217	124	–	1,241	16,114

The Group assessed the recoverable amounts of several machines and as a result the carrying amount of the machines was written down to their recoverable amount of zero due to obsolescence. An impairment loss of RMB2,192,000 was recognised in profit or loss for the year ended 31 December 2023.

12 RIGHT-OF-USE ASSETS

	Properties leased for own use carried at cost *(a)*
	RMB'000
Cost:	
At 1 January 2022	7,406
Additions	8,861
Addition through acquisition of a subsidiary	145
Disposals	(3,959)
At 31 December 2022 and 1 January 2023	12,453
Additions	2,667
Disposals	(1,096)
At 31 December 2023 and 1 January 2024	14,024
Additions	449
Disposals	(3,667)
At 31 December 2024 and 1 January 2025	10,806
Additions	2,885
Disposals	(449)
At 30 June 2025	13,242
Accumulated depreciation:	
At 1 January 2022	(3,780)
Charge for the year	(3,477)
Written back on disposals	3,959
At 31 December 2022 and 1 January 2023	(3,298)
Charge for the year	(4,303)
Written back on disposals	1,096
At 31 December 2023 and 1 January 2024	(6,505)
Charge for the year	(4,359)
Written back on disposals	3,667
At 31 December 2024 and 1 January 2025	(7,197)
Charge for the period	(2,167)
Written back on disposals	449
At 30 June 2025	(8,915)
Net book value:	
At 31 December 2022	9,155
At 31 December 2023	7,519
At 31 December 2024	3,609
At 30 June 2025	4,327

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December			At 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:					
Properties leased for own use	3,477	4,303	4,359	2,139	2,167
Interest on lease liabilities *(Note 6(a))*	233	318	203	119	81
Expense relating to short-term leases	231	133	65	64	–

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, additions to right-of-use assets of the Group were RMB8,861,000, RMB2,667,000 and RMB449,000 and RMB2,885,000 respectively. This amount was primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 21(d), 24 and 30(b), respectively.

(a) Properties and land leased for own use

The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 1 to 4 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

13 INTANGIBLE ASSETS

	Trademark	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2022	–	4,367	4,367
Addition through acquisition of a subsidiary	1,100	–	1,100
Additions	–	2,873	2,873
At 31 December 2022 and 1 January 2023	1,100	7,240	8,340
Additions	–	330	330
At 31 December 2023 and 1 January 2024	1,100	7,570	8,670
Additions	–	376	376
At 31 December 2024 and 1 January 2025	1,100	7,946	9,046
Additions	–	139	139
At 30 June 2025	1,100	8,085	9,185
Accumulated amortisation:			
At 1 January 2022	–	(131)	(131)
Charge for the year	(140)	(1,557)	(1,697)
At 31 December 2022 and 1 January 2023	(140)	(1,688)	(1,828)
Charge for the year	(240)	(2,094)	(2,334)
At 31 December 2023 and 1 January 2024	(380)	(3,782)	(4,162)
Charge for the year	(240)	(1,744)	(1,984)
At 31 December 2024 and 1 January 2025	(620)	(5,526)	(6,146)
Charge for the period	(120)	(581)	(701)
At 30 June 2025	(740)	(6,107)	(6,847)
Net book value:			
At 31 December 2022	960	5,552	6,512
At 31 December 2023	720	3,788	4,508
At 31 December 2024	480	2,420	2,900
At 30 June 2025	360	1,978	2,338

14 OTHER NON-CURRENT ASSETS

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	130	374	150	150
Rental deposits	1,455	1,455	1,458	1,404
	1,585	1,829	1,608	1,554

15 GOODWILL

	RMB'000
Cost:	
At at 1 January 2022	–
Goodwill arising from business combination:	
– Juxun Semiconductor Technology (Shanghai) Co., Ltd.	76,136
At 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025	76,136
Accumulated impairment losses:	
At at 1 January 2022 and 31 December 2022	–
Impairment losses	(76,136)
At 31 December 2023, 31 December 2024 and 30 June 2025	(76,136)
Carrying amount:	
At 31 December 2022	76,136
At 31 December 2023, 31 December 2024 and 30 June 2025	–

Impairment tests for cash-generating units containing goodwill

The Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amount of cash generated unit (CGU) on goodwill as at 31 December 2022 and 2023. Based on the management's assessment result the Group recognised an impairment loss of goodwill of nil and RMB76,136,000 for the years ended 31 December 2022 and 2023.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate used is pre-tax and reflect specific risks relating to the relevant industry, the CGU itself and macro-environment.

The key inputs and assumptions used in the impairment tests are as follows:

	As at December 31, 2022	As at December 31, 2023
Annual growth rate of revenue	5.0%-20.5%	-21.8%-13.6%
Growth rate beyond the forecast period	2.5%	2.2%
Pre-tax discount rate	16.8%	17.4%

16 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in subsidiaries, at cost	141,281	61,285	96,285	126,285

Details of the subsidiaries are set out in Note 1.

As at 31 December 2023, based on the assessment of the Group, the carrying amount of the Company's investment in subsidiary, Juxun Semiconductor Technology (Shanghai) Co., Ltd. exceeded its recoverable amount and an impairment loss of RMB79,996,000 has been recognised.

17 INVENTORIES

(a) Inventories in the statements of financial position comprise:

The Group

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	65,129	44,052	36,134	52,856
Semi-finished products and WIP	72,246	50,206	78,053	115,546
Finished products	33,117	33,975	42,463	63,680
	170,492	128,233	156,650	232,082

The Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	46,127	27,657	15,737	32,185
Semi-finished products and WIP	70,230	47,584	76,434	112,512
Finished products	17,057	18,023	28,927	49,990
	133,414	93,264	121,098	194,687

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	At 31 December			At 30 June	At 30 June
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of inventories used	82,075	187,530	273,206	106,006	113,744
Write-down/(reversal) of inventories	5,428	(3,968)	3,251	(313)	454
	87,503	183,562	276,457	105,693	114,198

18 TRADE AND OTHER RECEIVABLES

The Group

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables, net of loss allowance	23,687	65,299	79,595	52,743
Bill receivables	6,116	10,697	1,978	423
Prepayments	36,058	44,816	19,119	32,933
VAT recoverable	12,037	5,178	6,418	13,209
Other receivables and deposits, net of loss allowance	836	751	238	612
	78,734	126,741	107,348	99,920

The Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables, net of loss allowance	26,955	49,956	70,991	49,052
Bill receivables	6,116	10,447	1,478	423
Prepayments	29,793	39,020	18,279	30,083
VAT recoverable	11,366	4,308	6,366	12,295
Other receivables and deposits, net of loss allowance	18,351	40,940	34,188	34,493
	92,581	144,671	131,302	126,346

All of trade and other receivables of the Group are due from third parties and are expected to be recovered or recognised as expenses within one year.

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	21,524	65,291	79,595	52,743
Over 1 year but less than 2 years	2,163	8	–	–
	23,687	65,299	79,595	52,743

Details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 30(a).

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(a) Financial assets measured at FVPL:

The Group

Financial assets at FVTPL	At 31 December 2022	At 31 December 2023	At 31 December 2024	At 30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Unlisted equity security	–	10,037	–	–
Current asset				
Wealth management products	–	233,272	274,704	124,400

The Company

Financial assets at FVTPL	At 31 December 2022	At 31 December 2023	At 31 December 2024	At 30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Unlisted equity security	–	10,037	–	–
Current asset				
Wealth management products	–	213,272	254,674	124,400

The Group's wealth management products were purchased from banks in the PRC with variable interest rate during the Track Record Period and were fully recovered subsequently.

20 PLEDGED BANK DEPOSITS

	At 31 December 2022	At 31 December 2023	At 31 December 2024	At 30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Pledged bank deposits	4,118	3,183	35,092	66,913

(i) As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group's pledged bank deposits included bill acceptance deposits, customs duty payment guarantees, import guarantee deposits and supplier payment guarantee deposits, among which nil, nil, RMB33,092,000 and RMB64,820,000 is related to supplier payment guarantee deposits respectively.

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents and fixed deposits with banks comprise:

	At 31 December 2022	At 31 December 2023	At 31 December 2024	At 30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	123,524	98,805	89,088	123,868
Time deposits	–	3,001	3,080	3,119

(b) Reconciliation of loss before taxation to cash generated from operations:

	Note	Year ended 31 December			At 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before taxation		(203,477)	(355,400)	(351,339)	(129,617)	(143,263)
Adjustments for:						
– Depreciation of property, plant and equipment	*6(c)*	3,071	4,929	6,518	2,974	3,343
– Depreciation of right-of-use assets	*6(c)*	3,477	4,303	4,359	2,139	2,167
– Amortisation of intangible assets	*6(c)*	1,697	2,334	1,984	1,134	701
– Net loss on disposal of property, plant and equipment	*5*	8	6	183	–	–
– Write-down/(reversal) of inventories	*17(b)*	5,428	(3,968)	3,251	(313)	454
– Impairment losses of goodwill	*15*	–	76,136	–	–	–
– Finance costs	*6(a)*	121,157	166,737	251,459	80,015	126,697
– Interest income on time deposits		–	(1)	(79)	(39)	(39)
– Net realised and unrealised (gain)/losses on financial assets measured at FVPL	*5*	(1,357)	8,417	3,903	718	(2,573)
– Impairment losses on trade receivables	*30*	535	(96)	142	(400)	(271)
– Equity-settled share-based transactions	*6(b)*	2,103	3,819	2,978	1,812	1,091
– Impairment losses of property, plant and equipment	*11*	–	2,192	–	–	–
Changes in working capital:						
(Increase)/decrease in inventories		(92,761)	46,227	(31,668)	(20,615)	(75,886)
(Increase)/decrease in pledged bank deposit		(4,118)	935	(31,909)	1,183	(31,821)
(Increase)/decrease in trade and other receivables		(9,587)	(47,911)	19,251	9,109	7,699
Increase/(decrease) in trade and other payables		24,595	30,991	(20,490)	(9,146)	(2,847)
(Increase)/decrease in other non-current assets		(1,455)	–	(3)	129	54
Increase in deferred income		–	–	4,338	4,467	(340)
Cash used in operations		(150,684)	(60,350)	(137,122)	(56,450)	(114,834)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's cash flow statement as cash flows from financing activities.

	Loans and borrowings	Lease liabilities	Financial instruments issue to investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 23)	(Note 24)	(Note 26)	
At 1 January 2022	–	3,678	450,009	453,687
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(3,467)	–	(3,467)
Interest element of lease rentals paid	–	(233)	–	(233)
Proceeds from loans and borrowings	140,639	–	–	140,639
Repayment of loans and borrowings	(38,501)	–	–	(38,501)
Proceeds from the issue of financial instruments to investors	–	–	163,429	163,429
Total changes from financing cash flows	102,138	(3,700)	163,429	261,867
Other changes:				
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	8,861	–	8,861
Addition through acquisition of a subsidiary	–	145	–	145
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors *(Note 26)*	–	–	118,979	118,979
Interest expenses *(Note 6(a))*	1,945	233	–	2,178
Total other changes	1,945	9,239	118,979	130,163
At 31 December 2022	104,083	9,217	732,417	845,717

	Loans and borrowings	Lease liabilities	Financial instruments issue to investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 23)	(Note 24)	(Note 26)	
At 1 January 2023	104,083	9,217	732,417	845,717
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(4,155)	–	(4,155)
Interest element of lease rentals paid	–	(318)	–	(318)
Proceeds from loans and borrowings	5,000	–	–	5,000
Repayment of loans and borrowings	(110,996)	–	–	(110,996)
Proceeds from the issue of financial instruments to investors	–	–	407,900	407,900
Total changes from financing cash flows	(105,996)	(4,473)	407,900	297,431
Other changes:				
Decrease in trade and other payables *(Note 22)*	–	–	75,000	75,000
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	2,667	–	2,667
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors *(Note 26)*	–	–	164,506	164,506
Interest expenses *(Note 6(a))*	1,913	318	–	2,231
Total other changes	1,913	2,985	239,506	244,404
At 31 December 2023	–	7,729	1,379,823	1,387,552

	Loans and borrowings	Lease liabilities	Financial instruments issue to investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 23)	(Note 24)	(Note 26)	
At 1 January 2024	–	7,729	1,379,823	1,387,552
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(4,576)	–	(4,576)
Interest element of lease rentals paid	–	(203)	–	(203)
Proceeds from loans and borrowings	12,008	–	–	12,008
Proceeds from the issue of financial instruments to investors	–	–	105,000	105,000
Total changes from financing cash flows	12,008	(4,779)	105,000	112,229
Other changes:				
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	449	–	449
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors *(Note 26)*	–	–	251,161	251,161
Interest expenses *(Note 6(a))*	95	203	–	298
Total other changes	95	652	251,161	251,908
At 31 December 2024	12,103	3,602	1,735,984	1,751,689

	Loans and borrowings	Lease liabilities	Financial instruments issue to investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 23)	(Note 24)	(Note 26)	
At 1 January 2025	12,103	3,602	1,735,984	1,751,689
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(2,243)	–	(2,243)
Interest element of lease rentals paid	–	(81)	–	(81)
Total changes from financing cash flows	–	(2,324)	–	(2,324)
Other changes:				
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	2,885	–	2,885
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors *(Note 26)*	–	–	126,468	126,468
Interest expenses *(Note 6(a))*	148	81	–	229
Total other changes	148	2,966	126,468	129,582
At 30 June 2025	12,251	4,244	1,862,452	1,878,947

	Loans and borrowings	Lease liabilities	Financial instruments issue to investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 23)	(Note 24)	(Note 26)	
				(unaudited)
At 1 January 2024	–	7,729	1,379,823	1,387,552
Changes from financing cash flows:				
Capital element of lease rentals paid	–	(2,232)	–	(2,232)
Interest element of lease rentals paid	–	(119)	–	(119)
Total changes from financing cash flows	–	(2,351)	–	(2,351)
Other changes:				
Increase in lease liabilities from entering into new leases during the year *(Note 12)*	–	449	–	449
Changes in the carrying amount of liabilities recognised for financial instruments issued to investors *(Note 26)*	–	–	79,896	79,896
Interest expenses *(Note 6(a))*	–	119	–	119
Total other changes	–	568	79,896	80,464
At 30 June 2024	–	5,946	1,459,719	1,465,665

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	At 31 December			At 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Within operating cash flows	231	133	65	64	–
Within financing cash flows	3,700	4,473	4,779	2,351	2,324
	3,931	4,606	4,844	2,415	2,324

These amounts are related to lease rentals paid.

22 TRADE AND OTHER PAYABLES

The Group

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	18,890	35,547	36,760	40,965
Bills payables	10,296	5,089	–	3,459
Accrued payroll	15,651	24,249	18,199	13,288
Tax payables	1,588	2,727	4,873	495
Other payables and accruals	1,388	4,577	2,360	1,591
Proceeds received in advance from the issue of financial instruments to investors *(i)*	75,000	–	30,000	30,000
Contract liabilities *(ii)*	8,014	14,629	4,136	3,683
	130,827	86,818	96,328	93,481

The Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	17,742	29,050	32,100	33,774
Bill payables	10,296	5,089	–	3,459
Accrued payroll	10,020	16,032	11,734	8,263
Tax payables	–	126	518	53
Other payables and accruals	29,665	30,174	2,198	15,097
Proceeds received in advance from the issue of financial instruments to investors *(i)*	75,000	–	30,000	30,000
Contract liabilities *(ii)*	7,511	10,354	3,960	3,601
	150,234	90,825	80,510	94,247

(i) The Company received proceeds in advance from investors amounting to RMB75,000,000 and RMB30,000,000 during the year ended 31 December 2022 and 31 December 2024 respectively, which is recorded in the trade and other payables at the end of the respective year end and subsequently recognised as financial instruments issued to investors.

(ii) Contract liabilities

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	444	8,014	14,629	4,136
Net increase in contract liabilities during the year	8,014	14,629	4,136	2,684
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(444)	(8,014)	(14,629)	(3,137)
Balance at the end of the year	8,014	14,629	4,136	3,683

(a) All trade and other payables of the Group are due to third parties and expected to be settled or recognised as income within one year or are repayable on demand.

(b) As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	18,028	34,509	36,406	39,933
Over 1 year but less than 2 years	862	999	343	1,032
Over 2 year but less than 3 years	–	39	2	–
Over 3 years	–	–	9	–
	18,890	35,547	36,760	40,965

23 LOANS AND BORROWINGS

(a) Loans and borrowings comprise:

The Group and the Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	104,083	–	–	–
Loan from shareholders of the Company *(i)*	–	–	12,103	12,251
	104,083	–	12,103	12,251

(i) As of 6 September 2024, the Group received a short-term interest-bearing loan of RMB12,008,000 from the Company's shareholders, Li Mengxiong and Li Shuguang, bearing interest at 2.5% per annum. The balance was fully repaid on 1 September 2025.

(b) As of the end of each reporting period, loans and borrowings were repayable as follows:

The Group and the Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	79,281	–	12,103	12,251
After 1 year but within 2 years	11,274	–	–	–
After 2 years but within 5 years	13,528	–	–	–
	24,802	–	–	–
	104,083	–	12,103	12,251

(c) As of the end of each reporting period, loans and borrowings were guaranteed and secured as follows:

The Group and the Company

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Pledged and guaranteed loans *(i)*	38,330	–	–	–
Pledged and unguaranteed loans *(ii)*	43,330	–	–	–
Credit loans	22,423	–	12,103	12,251
	104,083	–	12,103	12,251

(i) Loans and borrowings of RMB38,330,000 were guaranteed by related party (see Note 31(c)), and pledged by equity interests in a subsidiary as at 31 December 2022.

(ii) Loans and borrowings of RMB43,330,000 were pledged by patent rights as at 31 December 2022.

24 LEASE LIABILITIES

As of the end of each reporting period, the lease liabilities were repayable as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	3,382	4,296	3,393	2,998
After 1 year but within 2 years	3,424	3,224	209	824
After 2 years but within 5 years	2,411	209	–	422
	5,835	3,433	209	1,246
	9,217	7,729	3,602	4,244

25 DEFERRED INCOME

	Year ended 31 December			Six months ended
	2022	2023	2024	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	–	–	4,338	3,998

Government grants are related to assets which were obtained by the Group for the purposes of research and development projects.

26 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Redemption rights

Pursuant to the agreements signed before and during the Track Record Period between the Company and its investors, certain investors were granted the right to require the Company to redeem their shares upon the occurrence of specified events, with the main conditions being: (i) a qualified [**REDACTED**] does not occur before a specified date; (ii) a material breach on the Agreement by the Company or the founders, of any of their representations, warranties or undertakings under the Agreement; and (iii) a change in the actual controllers of the Company.

The redemption price of the shares shall equal to the higher amount of (i) the aggregate of the original issue price plus an amount accruing annually at 6% or 8% of the original issue price per annum plus all accumulated undistributed dividends; or (ii) the fair market price of the original issue shares at the date of the redemption.

Presentation and classification

The Company recognise the financial instruments issued to investors as financial liabilities, because not all triggering events mentioned in the key terms above are within the control of the Company and these financial instruments did not meet the definition of equity for the Company. The financial liabilities are measured at the higher amount expected to be paid to the investors upon redemption or liquidation which is assumed to be at the dates of issuance and at the end of each reporting period. Any changes in the carrying amount of the financial liabilities were recorded in "Changes in carrying amount of liabilities recognised for financial instruments issued to investors".

The movements of the financial liabilities recognised for financial instruments issued to investors during the Track Record Period are as follows:

The Group and the Company

	Year ended 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	450,009	732,417	1,379,823	1,735,984
Recognition of financial instruments issued to investors	163,429	482,900	105,000	–
Changes in the carrying amount	118,979	164,506	251,161	126,468
At the end of the year/period	732,417	1,379,823	1,735,984	1,862,452

27 Acquisition of subsidiary

On 1 March 2022, the Group entered into a share purchase agreement with third parties, namely Liaoning Kelong Fine Chemical, Inc., Zhang Zhicai and Jiang Yujun, pursuant to which the Group agreed to acquire 76.90% of issued shares of Juxun Semiconductor Technology (Shanghai) Co., Ltd. ("Gainsil"). The Company obtained the control of Gainsil on 26 May 2022. The transaction was completed with a total consideration of RMB118,181,000.

Gainsil is principally engaged in development and sales of analog and mixed signal integrated circuits in the PRC. The acquisition was accounted for under the acquisition method.

(i) The acquisition had the following effect on the Group's assets and liabilities:

	Pre-acquisition Carrying amount	Fair value adjustment	Recognised value on acquisition
	RMB'000	RMB'000	RMB'000
Property, plant and equipment *(note 11)*	1,513	152	1,665
Intangible assets *(note 13)*	–	1,100	1,100
Inventories	24,049	9,296	33,345
Right-of-use assets *(note 12)*	145	–	145
Other identifiable assets	20,002	–	20,002
Deferred tax liabilities	–	(1,582)	(1,582)
Net identifiable assets acquired	45,709	8,966	54,675
Less: non-controlling interests			(12,630)
Add: Goodwill			76,136
Total consideration in cash			118,181
Less: cash acquired			(17,611)
Total net cash outflow in acquisition			100,570

Pre-acquisition carrying amounts were determined based on applicable HKFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

Acquisition-related costs of RMB241,000 had been charged to administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition.

The revenue and profit that Gainsil contributed to the Group during the year ended 31 December 2022 are RMB36,301,000 and RMB8,778,000 respectively.

Had the acquisition occurred on 1 January 2022, management estimate that the Group's consolidated revenue and consolidated loss for the year would have been RMB113,099,000 and RMB204,643,000, respectively.

(ii) Acquisition of non-controlling interests

In October 2022, the Group entered into another share purchase agreement with third parties, Shanghai Yurong Electronic Technology Service Department, Shenzhen Huaqiu Electronics Co., Ltd, Shenzhen Jialichuang Investment Co., Ltd and Shanghai Chansheng Semiconductor Technology Co., Ltd, pursuant to which the Group agreed to acquire the 23.1% non-controlling interests of Gainsil. The transaction was completed with a total consideration of RMB23,100,000. After the completion of the transaction, the Group acquired 100% shareholdings of Gainsil. This transaction did not constitute a package deal with the previous acquisition mentioned in (i).

28 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Incentive Plans

In December 2015, the Group adopted a Restricted Share Units ("RSUs") Scheme for purpose of providing incentives to core members of the management team and key employees. The participant of the RSUs Scheme invested in the Company by the way of acquiring share capital of the Company through employee shareholding platforms (the "Platforms").

The RSUs Scheme contains certain service conditions and non-market performance conditions. The vesting period is either of the following scenarios: (i) The RSUs shall vest after two years since grant date. (ii) The RSUs shall vest after four years since the grant date or after three years since the completion of [**REDACTED**] ("[**REDACTED**]"), subject to whichever is later.

If employments relationship of the grantees is terminated before the RSUs become vested, these employees have to transfer out their equity interests at the initial purchase price paid by the grantees plus interest calculated based on the one-year LPR.

(i) The number of restricted shares to the Group's incentive employees is summarised as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	Number of RSUs	Number of RSUs	Number of RSUs	Number of RSUs
Outstanding as at the beginning of the year	330,192	427,012	1,284,855	1,186,888
Effect of capital increase	–	866,393	–	–
Granted	104,549	14,364	31,807	21,051
Vested	(7,729)	(22,914)	(83,464)	(4,300)
Forfeited	–	–	(46,310)	(7,169)
Outstanding as at the end of the year/period	427,012	1,284,855	1,186,888	1,196,470

(ii) ***Fair value of RSUs***

The fair value of services received in return for RSUs is measured by reference to the fair value of RSUs granted. The estimate of the fair value of the newly granted RSUs is measured based on an equity allocation model.

	At 31 December			At 30 June
Fair value of restricted shares	2022	2023	2024	2025
Fair value at grant date	RMB50.98 to RMB66.87	RMB79.53 to RMB80.28	RMB89.83 to RMB92.06	RMB106.97
Exercise price	RMB11.35 to RMB21.07	RMB20.26 to RMB22.32	RMB22.32 to RMB22.33	RMB22.33
Expected dividend yield	0%	0%	0%	0%

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year or period are set out below:

	Note	Paid-in capital	Share capital	Capital reserve	Share premium	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 29(c))	(Note 29(d))	(Note 29(e)(ii))	(Note 29(e)(i))		
Balance at 1 January 2022		3,608	–	3,551	–	(283,989)	(276,830)
Total comprehensive income for the year		–	–	–	–	(203,542)	(203,542)
Capital injections from investors		331	–	163,098	–	–	163,429
Recognition of financial instruments issued to investors as non-current liabilities	*26*	–	–	(163,429)	–	–	(163,429)
Equity-settled share-based transactions		–	–	2,103	–	–	2,103

	Note	Paid-in capital	Share capital	Capital reserve	Share premium	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 29(c))	(Note 29(d))	(Note 29(e)(ii))	(Note 29(e)(i))		
Balance at 31 December 2022 and 1 January 2023		3,939	–	5,323	–	(487,531)	(478,269)
Total comprehensive income for the year		–	–	–	–	(362,396)	(362,396)
Capital injections from investors		793	–	482,107	–	–	482,900
Recognition of financial instruments issued to investors as non-current liabilities	*26*	–	–	(482,900)	–	–	(482,900)
Transfer of capital reverse to paid-in capital		10,451	–	(10,451)	–	–	–
Equity-settled share-based transactions		–	–	3,819	–	–	3,819
Balance at 31 December 2023		15,183	–	(2,102)	–	(849,927)	(836,846)
Balance at 31 December 2023 and 1 January 2024		15,183	–	(2,102)	–	(849,927)	(836,846)
Total comprehensive income for the year		–	–	–	–	(348,979)	(348,979)
Capital injections from investors/shareholders		628	336	58,387	74,664	–	134,015
Recognition of financial instruments issued to investors as non-current liabilities	*26*	–	–	(105,000)	–	–	(105,000)
Conversion to a joint stock company	*29(d)(i)*	(15,811)	15,811	(1,002,789)	530,724	472,065	–
Equity-settled share-based transactions		–	–	2,978	–	–	2,978
Balance at 31 December 2024 and 1 January 2025		–	16,147	(1,048,526)	605,388	(726,841)	(1,153,832)
Total comprehensive income for the period		–	–	–	–	(136,207)	(136,207)
Transfer of capital reverse to paid-in capital							
Equity-settled share-based transactions		–	–	1,091	–	–	1,091
Balance at 30 June 2025		–	16,147	(1,047,435)	605,388	(863,048)	(1,288,948)
Unaudited:							
Balance at 1 January 2024		15,183	–	(2,102)	–	(849,927)	(836,846)
Loss and total comprehensive income for the period		–	–	–	–	(127,340)	(127,340)
Equity-settled share-based transactions		–	–	1,812	–	–	1,812
Balance at 30 June 2024 (unaudited)		15,183	–	(290)	–	(977,267)	(962,374)

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period.

(c) Paid-in capital

	Total
	RMB'000
Balance at 1 January 2022	3,608
Capital contribution by investors	331
Balance at 31 December 2022 and 1 January 2023	3,939
Capital reserve transfer to paid-in capital	10,451
Capital contribution by investors	793
Balance at 31 December 2023 and 1 January 2024	15,183
Capital contribution by investors	628
Conversion into a joint stock company	(15,811)
Balance at 31 December 2024, 1 January 2025 and 30 June 2025	–

(d) Share capital

Issued and fully paid:

	Numbers of ordinary shares	Share capital
	'000	RMB'000
Issued and fully paid		
At 1 January 2022, 31 December 2022, 31 December 2023 and 1 January 2024	–	–
Issue of ordinary shares upon conversion into a joint stock company *(i)*	15,811	15,811
Capital injection from shareholders	336	336
At 31 December 2024 and 30 June 2025	16,147	16,147

(i) In November 2024, 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 under the PRC GAAP as of the conversion base date were converted into 15,811,430 ordinary shares at RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium.

(e) Nature and purpose of reserves

(i) Share premium

Under PRC rules and regulations, share premium is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Capital reserve

The capital reserve mainly comprises the following:

– the fair value of restricted share units;

– amounts in relation to the recognition of the financial instruments issued to investors (see Note 26;

– the excess of the net contributions from the investors of the Company over the total paid-in capital issued;

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables.

The Group's exposure to credit risk arising from cash and cash equivalents, pledged bank deposits and fixed deposits with more than three months to maturity is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2022, 2023, 2024 and 30 June 2025 represented 77%, 79%, 93% and 93% of the total trade receivables respectively, while 53%, 21%, 77% and 71% of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1%	21,741	217
Over 1 year but less than 2 years	20%	2,704	541
	Total	24,445	758

	2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1%	65,951	660
Over 1 year but less than 2 years	20%	10	2
	Total	65,961	662

	2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1%	80,399	804
	Total	80,399	804

	As at 30 June 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1%	53,276	533
	Total	53,276	533

Expected loss rates are based on actual loss experience over the past 36 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June 2025
	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	(223)	(758)	(662)	(804)
Impairment losses (recognised)/reversal during the year	(535)	96	(142)	271
	(758)	(662)	(804)	(533)

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to customers.

The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables and deposits as at 31 December 2022, 2023 and 2024 and 30 June 2025.

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	82,089	12,051	14,163	–	108,303	104,083
Trade and other payables	130,827	–	–	–	130,827	130,827
Lease liabilities	3,653	3,569	2,450	–	9,672	9,217
Financial instruments issued to investors	732,417	–	–	–	732,417	732,417
	948,986	15,620	16,613	–	981,219	976,544

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	86,818	–	–	–	86,818	86,818
Lease liabilities	4,493	3,285	211	–	7,989	7,729
Financial instruments issued to investors	1,379,823	–	–	–	1,379,823	1,379,823
	1,471,134	3,285	211	–	1,474,630	1,474,370

	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	12,302	–	–	–	12,302	12,103
Trade and other payables	96,328	–	–	–	96,328	96,328
Lease liabilities	3,455	211	–	–	3,666	3,602
Financial instruments issued to investors	1,735,984	–	–	–	1,735,984	1,735,984
	1,848,069	211	–	–	1,848,280	1,848,017

	At 30 June 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	12,302	–	–	–	12,302	12,251
Trade and other payables	93,481	–	–	–	93,481	93,481
Lease liabilities	3,070	848	424	–	4,342	4,244
Financial instruments issued to investors	1,862,452	–	–	–	1,862,452	1,862,452
	1,971,305	848	424	–	1,972,577	1,972,428

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at bank, pledged bank deposits and interest-bearing borrowings. The Group's interest-bearing financial instruments at variable rates as at 31 December 2022, 2023, 2024 and 30 June 2025 primarily are the cash at bank, pledged bank deposits and interest-bearing borrowings, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Group's interest rate profile as monitored by management is set out below.

The Group's interest-bearing borrowings, lease liabilities, pledged bank deposits, fixed deposits with more than three months to maturity when placed and cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December						At 30 June	
	2022		2023		2024		2025	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Fixed rate instruments								
Cash and cash equivalents	1.25%	53	–	–	–	–	–	–
Time deposits	–	–	2.60%	3,001	2.60%	3,080	2.60%	3,119
Loans and borrowings	3.50%-3.70%	(22,423)	–	–	2.50%	(12,103)	2.50%	(12,251)
Lease liabilities	3.65%-3.70%	(9,217)	3.45%-3.65%	(7,729)	3.1%-3.45%	(3,602)	3.0%-3.1%	(4,244)
		(31,587)		(4,728)		(12,625)		(13,376)
Variable rate instruments								
Cash and cash equivalents	0.05%-1.70%	123,471	0.05%-2.80%	98,805	0.05%-1.00%	89,088	0.44%-2.25%	123,868
Pledged bank deposits	1.25%-1.75%	4,118	0.20%-2.05%	3,183	1.25%-2.05%	35,092	0.05%-2.05%	66,913
Loans and borrowings	3.45%-3.80%	(81,660)	–	–	–	–	–	–
		45,929		101,988		124,180		190,781

(i) Sensitivity analysis

At 31 December 2022, 2023 and 2024 and 30 June 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decrease/increase in the Group's loss after tax and accumulated losses as follows.

	Increase/(decrease) in basis points	(Decrease)/Increase in loss after tax for the year/period	(Decrease)/Increase in accumulated losses for the year/period
		RMB'000	RMB'000
At 31 December 2022			
Basis points	100	(459)	(459)
Basis points	(100)	459	459
At 31 December 2023			
Basis points	100	(1,020)	(1,020)
Basis points	(100)	1,020	1,020
At 31 December 2024			
Basis points	100	(1,242)	(1,242)
Basis points	(100)	1,242	1,242
At 30 June 2025			
Basis points	100	(1,908)	(1,908)
Basis points	(100)	1,908	1,908

(d) Currency risk

The Group is exposed to currency risk primarily through purchases which give rise to payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars.

	Exposure to foreign currencies			
	2022	2023	2024	As at 30 June 2025
	USD RMB'000	USD RMB'000	USD RMB'000	USD RMB'000
Cash and cash equivalents	80	68	86	38,961
Trade and other payables	(418)	(1,995)	(3,891)	(6,375)
	(338)	(1,927)	(3,805)	32,586

(i) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		RMB'000
At 31 December 2022		
US$ (against RMB)	5%	(17)
	-5%	17
At 31 December 2023		
US$ (against RMB)	5%	(96)
	-5%	96
At 31 December 2024		
US$ (against RMB)	5%	(190)
	-5%	190
At 30 June 2025		
US$ (against RMB)	5%	1,629
	-5%	(1,629)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets at FVPL:				
– Wealth management products	233,272	–	–	233,272
– Unlisted equity security	10,037	–	–	10,037
	243,309	–	–	243,309

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets at FVPL:				
– Wealth management products .	274,704	–	–	274,704

	Fair value at 30 June 2025	Fair value measurements as at 30 June 2025 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets at FVPL:				
– Wealth management products .	124,400	–	–	124,400

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Information about Level 3 fair value measurements

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

The fair values of unlisted equity security have been estimated using an adjusted latest round transaction price that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the discount factor. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period. The directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause significant change of the respective fair value amount of the unlisted equity security.

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVPL together at the end of each of the reporting period:

31 December 2022

There were no financial instruments measured at fair value held by the Group as at 31 December 2022.

31 December 2023

	Valuation techniques	Significant unobservable inputs	Range
Wealth management products	Discounted cash flow method	Interest return rate	1.30%-3.95%
Unlisted equity security	Adjusted recent transaction price	Discount factor	47%

31 December 2024

	Valuation techniques	Significant unobservable inputs	Range
Wealth management products	Discounted cash flow method	Interest return rate	1.92%-2.40%

	Valuation techniques	Significant unobservable inputs	Range
Wealth management products	Discounted cash flow method	Interest return rate	1.60%-2.10%

The movement during the year in the balance of these Level 3 fair value measurements are as follows:

	For the year ended 31 December			Six months ended 30 June 2025
	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	45,843	–	243,309	274,704
Purchase	95,289	332,000	889,000	389,000
Changes in fair value recognised in profit or loss during the year *(Note 5)*	1,357	(8,417)	(3,903)	2,573
Redemption	(142,489)	(80,274)	(853,702)	(541,877)
At the end of the year/period	–	243,309	274,704	124,400

(ii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 30 June 2025.

31 MATERIAL RELATED PARTY TRANSACTIONS

Names and relationship of the related parties that had material transactions with the Group during the Track Record Period are disclosed as following:

Name of party	Relationship
Li Mengxiong* 李夢雄	Founder of the Company and Shareholder
Li Shuguang* 李曙光	Shareholder

* During the Track Record Period, Li Mengxiong and Li Shuguang have acted in concert with each other.

** The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(a) Non-recurring transactions

	Year ended 31 December			Six months ended 30 June 2025
	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings borrowed from:				
Li Mengxiong	–	–	8,454	–
Li Shuguang	–	–	3,554	–
	–	–	12,008	–

(b) Balances with related parties

At 31 December 2022, 2023 and 2024 and 30 June 2025, the Group had the following balances with related party:

	Year ended 31 December			Six months ended 30 June 2025
	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000
Balance of loans and borrowings due to:				
Li Mengxiong	–	–	8,521	8,625
Li Shuguang	–	–	3,582	3,626
	–	–	12,103	12,251

Balance of loans and borrowings due from related parties were fully settled as at the date of this report.

(c) Guarantees issued by related party

	Year ended 31 December			Six months ended 30 June 2025
	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees issued by related party in respect of loans and borrowings borrowed by the Group:				
Li Mengxiong	38,330	–	–	–

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	At 31 December			At 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	7,211	9,157	9,444	4,379	3,832
Discretionary bonuses	3,509	2,899	2,268	1,134	2,194
Contributions to defined contribution retirement plan	513	630	656	325	331
Equity-settled share-based payment expenses	1,029	2,499	1,951	1,246	522
	12,262	15,185	14,319	7,084	6,879

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the directors consider the immediate controlling party and ultimate controlling party of the Group to be Li Mengxiong.

33 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) The Company received financing proceeds of RMB30,000,000 during the year ended 31 December 2024 from China Venture Capital Xinzhi Equity Investment Fund (Guangzhou) Partnership (Limited Partnership) which was recorded in trade and other payables as at 31 December 2024 and 30 June 2025, have been converted into shares in August 2025.

(ii) In August 2025, the Company subdivided the Shares from one Share of RMB1.00 each into 20 Shares of RMB0.05 each.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the HKICPA has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the followings:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2025.

The following information does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this document, and is included for illustrative purposes only.

The unaudited [**REDACTED**] *financial information should be read in conjunction with the "Financial Information" section in this document and the Accountants' Report set out in Appendix I to this document.*

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted net tangible assets of SENASIC Electronics Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") prepared in accordance with Rule 4.29 of the Listing Rules 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 is set out below to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2025 as if the [**REDACTED**] had taken place on 30 June 2025.

The unaudited [**REDACTED**] statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [**REDACTED**] been completed as at 30 June 2025 or any future date.

	Consolidated net tangible liabilities attributable to the equity shareholders of the Company as at 30 June 2025(1)	Estimated net [REDACTED] from the [REDACTED](2 & 5)	Estimated impact upon the derecognition of financial instruments issued to investors(3)	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of the Company(6)	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share(4)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB(4)	HK$(5)
Based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	(1,304,129)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]	(1,304,129)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The consolidated net tangible liabilities attributable to the equity shareholders of the Company as of 30 June 2025 is calculated based on the consolidated total deficit attributable to the equity shareholders of the Company as of 30 June 2025 of RMB1,301,791,000, less intangible assets of RMB2,338,000 as at 30 June 2025, extracted from the Accountants' Report set out in Appendix I to this Document.

(2) The estimated net [**REDACTED**] from the [**REDACTED**] are based on the expected issuance of [**REDACTED**] H shares and the indicative [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] and [**REDACTED**] of the stated [**REDACTED**], respectively, after deduction of estimated [**REDACTED**] fees and other related [**REDACTED**] paid or payable by the Group and does not take into account of any Shares which may be issued upon the exercise of the [**REDACTED**] or any shares may be issued for employee incentive scheme.

(3) The carrying amount of financial instruments issued to investors was RMB1,862,452,000 as of 30 June 2025 (as set out in Note 26 of Appendix I to this Document). Upon the [**REDACTED**] and completion of the [**REDACTED**], special rights attributable to the investors will be removed, and the financial instruments issued to investors will be derecognised as liabilities and transferred to equity.

(4) The unaudited [**REDACTED**] adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after above adjustments and on the basis that [**REDACTED**] Shares (taking into account of the effect of the Share Subdivision as defined in Note 33 of Appendix I in this Document) were in issue assuming that the [**REDACTED**] had been completed on 30 June 2025 without taking into account of (i) the Shares issued to China Venture Capital Xinzhi Equity Investment Fund (Guangzhou) Partnership (Limited Partnership) in August 2025 (as detailed in Note 33 of Appendix I in this Document and the related effect of Share Subdivision in August 2025 from 1 share of RMB1.00 each into 20 shares of RMB0.05 each) and (ii) the Shares may be issued upon exercise of the [**REDACTED**] or issued for employee incentive scheme.

(5) For illustrative purpose, the estimated net [**REDACTED**] from the [**REDACTED**] is converted from the Hong Kong Dollar into Renminbi and the unaudited [**REDACTED**] adjusted net tangible assets attributable to the equity shareholders of the Company per Share is converted from Renminbi into Hong Kong Dollar at the exchange rate of HK$1 to RMB0.91174, the exchange rate set by PBOC prevailing on 1 September 2025. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2025, including but not limited to the Shares issued to China Venture Capital Xinzhi Equity Investment Fund (Guangzhou) Partnership (Limited Partnership) in August 2025.

Had such Shares issued to China Venture Capital Xinzhi Equity Investment Fund (Guangzhou) Partnership (Limited Partnership) been completed on 30 June 2025, our unaudited [**REDACTED**] adjusted net tangible assets would have been increased by RMB[**REDACTED**], our Shares in issue would have been increased by [**REDACTED**] Shares and our unaudited [**REDACTED**] adjusted net tangible assets per Share would have been increased by RMB[**REDACTED**] or HK$[**REDACTED**] based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and by RMB[**REDACTED**] or HK$[**REDACTED**] based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**].

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

The Articles of Association of the Company shall come into force and be implemented on the date when they are approved by the Shareholders' Meeting of the Company and the [**REDACTED**] of overseas listed foreign shares by the Company are [**REDACTED**] and [**REDACTED**] on [**REDACTED**].

GENERAL PROVISIONS

The Company is a joint stock limited company in perpetual existence.

All the assets of the Company are divided into shares of equal value. The Shareholders are responsible for the Company to the extent of their subscribed shares, and the Company is responsible for the Company's debts with all of its assets.

The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations between the Company and the Shareholders and among the Shareholders, and shall be legally binding on the Company, the Shareholders, the Directors, and the senior management. Based on the Articles of Association, any Shareholder may bring a lawsuit against another Shareholder, a Director and a senior management of the Company. Any Shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any Shareholder, Director, and senior management.

SHARES

Issuance of Shares

The shares of the Company shall be in the form of registered share certificates.

The issuance of the shares of the Company shall be conducted in the principle of fairness and justness, and each share of the same class shall be entitled to equal rights.

For shares issued at the same time and within the same class, it shall be issued in the same conditions and price; and any entity or individual shall pay the same price for each share they subscribe.

INCREASE/DECREASE AND REPURCHASE OF SHARES

Capital Increase

According to the needs for operation and development of the Company, and subject to applicable laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and requirements by relevant regulatory authorities, upon respective resolution by a Shareholders' Meeting, the Company may increase its registered capital by any of the following means:

(1) issuance of shares to unspecified parties;

(2) issuance of shares to specified parties;

(3) distribution of bonus shares to existing Shareholders;

(4) converting the reserved funds into share capital;

(5) other means stipulated under laws, administrative regulations, and the securities regulatory authority in the jurisdiction where the Company' s shares are listed.

Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless otherwise provided for in the Articles of Association or among the shareholders or the shareholders' general meeting resolves that the shareholders shall have pre-emptive right.

The Company's increase of its registered capital shall, after being approved in accordance with the provisions of the Articles of Association and the place where the shares of the Company are listed, be conducted in accordance with the procedures stipulated in relevant laws and regulations.

Capital Decrease

The Company may reduce its registered capital. To reduce its registered capital, the Company shall proceed it in compliance with the procedures prescribed by the Company Law, the Hong Kong Listing Rules, the securities regulatory authority in the jurisdiction where the Company' s shares are listed, other relevant regulations, and the Articles of Association.

Repurchase of Share Capital

The Company shall not repurchase its shares. Provided, however, that the following circumstances shall be excluded:

(1) reducing the registered capital of the Company;

(2) merging with another company holding shares of the Company;

(3) using shares for stock incentive plans and employee stock plans;

(4) acquiring the shares of Shareholders who vote against any resolution adopted at the Shareholders' Meeting on the merger or demerger of the Company and request the Company to acquire their shares;

(5) using shares for converting corporate bonds into shares issued by the Company;

(6) as required for the Company to maintain corporate value and Shareholders' interests;

(7) other circumstances permitted under laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed.

In compliance with applicable laws, administrative regulations, and departmental rules, the Company may acquire its own shares through open and centralized trading or other ways recognized by laws, administrative regulations, and the securities regulatory authority.

A resolution of a Shareholders' Meeting is required for acquisition by the Company of its own shares under circumstances (1) or (2). In accordance with the provisions of the Articles of Association or the authorization of the Shareholders' Meeting, acquisition by the Company of its own shares under circumstances (3), (5) or (6) may be resolved by a resolution of a meeting of the Board with a quorum of more than two-thirds of Directors.

The shares of the Company acquired by its own under circumstance (1) in the preceding paragraph shall be deregistered within 10 days from the date of repurchase; the shares acquired under circumstances (2) or (4) shall be transferred or deregistered within 6 months.

The shares of the Company acquired by its own under the above circumstance (3), (5) or (6) shall not exceed 10% of total shares issued by the Company and shall be transferred or deregistered within three years.

Where relevant laws and regulations, normative documents, and the securities regulatory rules of the place where the Company's shares are listed provide otherwise regarding the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail, provided that they do not contravene the Company Law, the Securities Law or the Hong Kong Listing Rules.

Transfer of Shares

The shares of the Company shall be transferred according to laws.

The Company shall not accept its own shares as the subject matter of a pledge.

Shares issued by the Company prior to the [**REDACTED**] shall not be transferred within one year from the date the Company's shares are [**REDACTED**] and traded on the stock exchange. Where the Hong Kong Listing Rules provide for the transfer of shares of the Company held by controlling shareholders, such provisions shall apply. The Directors and the senior management of the Company shall report their shareholding in the Company and changes thereof to the Company, and during their tenure determined at the time of taking office, the shares transferred each year shall not exceed 25% of the total number of the Company shares held by them. The Company shares held by them shall not be transferred within one year from the date when the shares of the Company are [**REDACTED**] and traded. Within half a year from departure from the Company, such persons shall not transfer the Company shares held by them. Where the securities regulatory rules of the place where the Company's shares are [**REDACTED**] impose additional restrictions on the transfer of overseas [**REDACTED**] shares, such restrictions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall maintain a register of shareholders in accordance with the Company Law, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], and other relevant regulations, as well as the Articles of Association. The register of Shareholders shall be the sufficient evidence for the Shareholders' shareholding in the Company.

Shareholders enjoy rights and assume obligations according to the class of shares they hold; Shareholders holding shares of the same class shall enjoy the same rights and assume identical obligations.

When the Company convenes the Shareholders' Meeting, distributes dividends, conducts liquidation or engages in other acts requiring the identification of Shareholders, the Board or the convener of the Shareholders' Meeting should determine the record date. The Shareholders whose names appear on the register of Shareholders after the trading hours on the record date shall be those entitled to the relevant rights and interests.

Rights and Obligations of Shareholders

The Shareholders of the Company shall be entitled to the following rights:

(1) receiving dividends and other form of interest distribution in proportion to their shareholdings;

(2) requiring, convening, chairing, attending in person or by proxy a Shareholders' Meeting pursuant to the laws, and exercising the speaking right and voting right at the meeting;

(3) supervising, presenting suggestions on or making inquiries about the business operation of the Company;

(4) transferring, gifting or pledging the shares held by them, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and other relevant regulations;

(5) accessing the Articles of Association, the register of Shareholders, minutes of Shareholders' Meeting, resolutions of the Board, and disclosed financial and accounting reports;

(6) participating in the distribution of residual assets of the Company in proportion to their shareholdings, upon termination or liquidation of the Company;

(7) for Shareholders who vote against any resolution adopted at the Shareholders' Meeting on the merger or demerger of the Company, requesting the Company to acquire its shares;

(8) any other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

In the event that any resolution by the Shareholders' Meeting or the Board meeting violates laws and administrative regulations, the Shareholders may request the people's court to invalidate such resolution.

In the event that the convening procedures or voting means of the Shareholders' Meeting or the Board meeting violate the laws, administrative regulations or the Articles of Association, or any resolution violates the Articles of Association, Shareholders may request the people's court to withdraw such resolution within sixty (60) days from the date of resolution, unless there are only minor defects in the convening procedures or voting means of the Shareholders' Meeting or the Board meeting, which do not have a material impact on the resolutions.

Shareholders who have not been notified to attend a shareholders' Meeting may, within sixty (60) days from the date on which such shareholders become aware or should have become aware of the resolution adopted at the meeting, petition the people's court to revoke the resolution. Such revocation right shall be extinguished if not exercised within one year from the date the resolution is adopted.

Where the People's Court makes a judgment or ruling on a relevant matter, the Company shall fulfill its obligation to disclose the information in accordance with the laws, administrative regulations, the requirements of securities regulatory authorities, fully explain the impact, and actively co-operate with the enforcement of the judgment or ruling after it has come into effect. Where corrections to prior events are involved, they will be handled in a timely manner and the corresponding information disclosure obligations will be fulfilled.

Where any director or senior management other than a member of the Audit Committee violates laws, administrative regulations or the Articles of Association when performing their duties for the Company, thereby causing losses to the Company, shareholders individually or collectively holding 1% or more of the shares of the Company for 180 or more consecutive days are entitled to request the Audit Committee in writing to file a lawsuit with the people's court; where a member of the Audit Committee violates laws, administrative regulations or the Articles of Association when performing their duties for the Company, thereby causing losses to the Company, the aforementioned shareholders may request the Board in writing to file a lawsuit with the people's court.

If the Audit Committee or the Board refuses to file lawsuits after a written request under the preceding paragraph has been received from any Shareholder, or fails to file such lawsuit within 30 days from the date when the request has been received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable losses to the Company, any Shareholder under the previous paragraph is entitled to file a lawsuit directly with the people's court in their own name, for the interests of the Company.

If any person infringes on any lawful interests of the Company resulting in any losses to the Company, shareholders individually or collectively holding 1% or more of the shares of the Company for 180 or more consecutive days may file a lawsuit with the people's court in accordance with the provisions of two preceding paragraphs.

Where the Directors, Supervisors or senior management of a wholly-owned subsidiary of the Company violates laws, administrative regulations or the Articles of Association when performing their duties, thereby causing losses to the Company, or where any person infringes upon any lawful interests of such wholly-owned subsidiary resulting in any losses, shareholders individually or collectively holding 1% or more of the shares of the Company for 180 or more consecutive days may, in accordance with the first three paragraphs of Article 189 of the Company Law, request in writing the Board of Supervisors or the Board of Directors of such wholly-owned subsidiary to file a lawsuit with the people's court, or may directly file a lawsuit in their own name.

In the event of violation of laws, administrative regulations or the provisions under the Articles of Association by a Director or senior management causing damage to the Shareholders' interests, the Shareholders may initiate legal proceedings with the people's court.

The Shareholders of the Company shall undertake the following obligations:

(1) abiding by laws, administrative regulations, and the Articles of Association;

(2) making payment according to the number of shares subscribed for and the manners of subscription;

(3) not withdrawing their share capital, unless otherwise stipulated by laws and administrative regulations;

(4) not abusing Shareholder's rights to harm the interests of the Company or other Shareholders, otherwise they shall bear compensation liability in accordance with the law;

(5) not abusing the independent legal person status of the Company and the limited liability of Shareholders to harm the interests of the Company's creditors, otherwise they shall bear joint and several liability for our Company's debts;

(6) any other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Any Shareholder who abuses Shareholder's rights causing losses to the Company or other Shareholders shall be liable for compensation pursuant to the laws; any Shareholder who abuses the independent legal person status of the Company and the limited liability of Shareholders to evade debts and severely infringe upon the interests of the Company's creditors shall be held jointly and severally liable for the Company's debts.

Where a Shareholder engages in any acts prescribed in the preceding paragraph through two or more companies he/she controls, each of such companies shall be held jointly and severally liable for the debts of any of them.

Where a Shareholder holding more than 5% of voting shares of the Company pledges any of his/her shares, he/she shall make a written report to the Company on the date on which he/she pledges his/her shares.

General Rules for Shareholders' Meetings

The Shareholders' Meeting is the organ of authority of the Company, and shall duly exercise the following functions and powers:

(1) to elect and remove any Director (not including employee representative(s)), and to determine the remuneration of the relevant Directors;

(2) to review and approve the reports of the Board;

(3) to review and approve the Company's profit distribution plans and loss recovery plans;

(4) to resolve on the Company's increase/decrease of registered capital;

(5) to resolve on the issuance of bonds or corporate bonds and plan of listing by the Company;

(6) to review the Company's purchase or disposals of material assets accumulated within one year in the amount exceeding 30% of latest audited total assets of the Company;

(7) to resolve on the Company's merger, division, dissolution, liquidation or change of its corporate form;

(8) to modify the Articles of Association;

(9) to decide on the engagement or dismissal of the accounting firm responsible for auditing the Company's business;

(10) to review proposals from shareholders representing one percent (1%) or more of the company's voting shares;

(11) to review and approve the plan for the Company's initial public offering and listing of shares;

(12) to review and approve the change in the use of raised proceeds;

(13) to approve connected transactions or continuing connected transactions that require approval by the shareholders' meeting in accordance with laws, administrative regulations, the laws and regulations of the place where the Company's shares are listed, listing rules and regulations, and these Articles of Association (including but not limited to Chapter 14A of the Hong Kong Listing Rules);

(14) other matters to be decided by Shareholders' Meeting under laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The aforementioned functions and powers of the Shareholders' Meeting shall not be exercised by the Board or other institutions or individuals on behalf of the Shareholders' Meeting by way of authorization, except that the Shareholders' Meeting may authorize the Board to resolve on the issuance of corporate bonds by the Company.

There are two types of Shareholders' Meetings: annual Shareholders' Meeting and extraordinary Shareholders' Meeting. The annual Shareholders' Meeting shall be convened once a year, and shall be held within six months from the end of last accounting year.

The extraordinary Shareholders' Meeting shall be convened within two months from the date of occurrence of any of the following events:

(1) the number of Directors is less than the minimum required by the Company Law, or less than two-thirds of the number prescribed in the Articles of Association;

(2) the outstanding losses of the Company account for one-third of the Company's total paid-in share capital;

(3) Shareholder(s) individually or jointly holding more than 10% of the Company's shares send(s) a request for meeting;

(4) the Board deems necessary;

(5) the Audit Committee proposes to convene the meeting;

(6) other circumstances under laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Convening of Shareholders' Meetings

The Board shall convene the Shareholders' Meeting within the prescribed time limits. Independent non-executive Directors may propose to convene an extraordinary Shareholders' Meeting to the Board upon obtaining the consent of a majority of all independent non-executive directors. Upon receipt of a proposal from the independent non-executive directors to convene an extraordinary Shareholders' Meeting, the Board shall, in accordance with laws, administrative regulations, and the Articles of Association, provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' Meeting within 10 days after receiving the proposal. In the event the Board agrees to convene an extraordinary Shareholders' Meeting, the Board shall issue an extraordinary Shareholders' Meeting notice within five days of making its resolutions.

The Audit Committee may propose to the Board the convening of an extraordinary Shareholders' Meeting, and such proposal shall be submitted to the Board in writing. In accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the proposal to convene such extraordinary Shareholders' Meeting within 10 days after receiving the proposal.

In the event the Board agrees to convene an extraordinary Shareholders' Meeting, the Board shall issue an extraordinary Shareholders' Meeting notice within five days of making its resolutions. Any changes to the original proposal in such notice shall be agreed upon by the Audit Committee.

In the event that the Board declines to convene an extraordinary Shareholders' Meeting or fails to respond within 10 days after receiving the request, it shall be deemed to be unable or to fail to fulfill its duty to convene a Shareholders' Meeting and then the Audit Committee may convene and preside over the meeting on its own.

Shareholder(s) individually or jointly holding 10% or more of the Company's shares may request in writing to convene an extraordinary Shareholders' Meeting to the Board. Such written request shall specify the subject of the meeting and contain a substantively complete proposal. In accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, the Board shall provide written feedback on whether to agree or disagree with the request to convene such extraordinary Shareholders' Meeting within 10 days after receiving the request.

In the event the Board agrees to convene an extraordinary Shareholders' Meeting, the Board shall issue an extraordinary Shareholders' Meeting notice within five days of making its resolutions, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). Where otherwise provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, the provisions herein shall prevail.

In the event that the Board declines to convene an extraordinary Shareholders' Meeting or fails to respond in writing within 10 days after receiving the request, Shareholder(s) individually or jointly holding 10% or more of shares may request in writing to convene an extraordinary Shareholders' Meeting to the Audit Committee.

In the event the Audit Committee agrees to convene an extraordinary Shareholders' Meeting, the Audit Committee shall issue an extraordinary Shareholders' Meeting notice within five days of receiving such request, and any changes to the original request in such notice shall be agreed upon by the requesting Shareholder(s). Where otherwise provided by laws, administrative regulations, and departmental rules, the provisions herein shall prevail.

In the event that the Audit Committee fails to issue the notice within the time limit, it shall be deemed to fail to convene and chair a Shareholders' Meeting, and then the Shareholder(s) individually or collectively holding 10% or more of shares for at least 90 consecutive days may convene and chair the meeting on its/their own.

If the Audit Committee or Shareholders decide to convene a Shareholders' Meeting on its/their own, they shall notify the Board in writing. If the securities regulatory rules of the place where the Company's shares are listed have other provisions, such provisions shall prevail to the extent that they do not violate domestic laws, administrative regulations and the Articles of Association.

Prior to the adoption of the Shareholders' Meeting's resolution, the shareholding ratio of the convening Shareholders shall not be less than 10%.

Proposals of Shareholders' Meetings

When the Company convenes a Shareholders' Meeting, the Board of Directors, the Audit Committee and Shareholders who individually or together hold 1% or more of the shares of the Company are entitled to put forward proposals to the Company.

Shareholders individually or together holding 1% or more of the shares of the Company may put forward interim proposals 10 days before the Shareholders' Meeting is held and submit the proposals to the convener of the meeting in writing. The convener shall issue a supplemental notice of the Shareholders' Meeting within two days upon receiving the proposals, announce the content of such extraordinary proposal, and submit such extraordinary proposal to the Shareholders' Meeting for consideration. As regards the publication of the supplementary notice of the Shareholders' Meeting, if there are special provisions in the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail provided they do not violate the "Company Law" and the "Securities Law." Provided, however, that no such extraordinary proposals shall be considered if it violates laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or falls outside the scope of duties of the Shareholders' Meeting. The Company shall not increase the shareholding of Shareholders who submit the extraordinary proposal.

If the Shareholders' Meeting must be postponed due to the issuance of a supplementary notice of the Shareholders' Meeting in accordance with the securities regulatory rules of the place where the Shares of the Company are listed, the convening of the Shareholders' Meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Shares of the Company are listed.

Save as otherwise provided in the preceding paragraph or under laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed, the convener shall not modify the proposals specified in the notice of the Shareholders' Meeting or add new proposals after issuing the notice of the Shareholders' Meeting.

The Shareholders' Meeting shall not vote or resolve on proposals not contained in the notice of the Shareholders' Meeting or not in compliance with the Articles of Association.

Notice of Shareholders' Meetings

The convener shall notify all shareholders at least 21 days prior to the convening of the annual Shareholders' Meeting, at least 15 days prior to the convening of the extraordinary Shareholders' Meeting.

Regarding the calculation of the minimum notice period, the date of the meeting shall not be included.

If the laws, regulations and the securities regulatory authorities of the place where the Company's shares are listed have other provisions, such provisions shall prevail.

Convening of Shareholders' Meetings

All shareholders registered in the Company's share register on the record date or their proxies shall be entitled to attend the Shareholders' Meeting and exercise their rights to speak and vote in accordance with applicable laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association. Shareholders may attend the Shareholders' Meeting in person or by proxy to speak and vote on their behalf. Each shareholder shall be entitled to appoint one or more proxies or representatives, but such proxy need not be a shareholder of the Company. Shareholders shall have the right to speak and vote at the Shareholders' Meeting, unless individual shareholders are required by the securities regulatory rules applicable to the place where the Company's stocks are listed to abstain from voting on specific matters.

Where an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid documents or certificates that can prove his/her identity, as well as the shareholding certificate; where a proxy attends the meeting on behalf of the shareholder, the proxy shall also present his/her own valid identity card and the power of attorney issued by the shareholder. A corporate shareholder shall be represented at the meeting by its legal representative or designated representative thereof, or by its legal representative or a proxy authorized by such legal representative. Where the legal representative attends the meeting, he/she shall present his/her identity card and valid documents proving his/her capacity as the legal representative; where a proxy attends the meeting, the proxy shall present his/her identity card and the written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law. Except where the shareholder is a recognized clearing house (or its nominee) as defined by the relevant ordinances from time to time in force in Hong Kong. If the shareholder is a corporate legal person, it may appoint one or more proxies or representatives to attend and vote at any Shareholders' Meeting of the Company, and if such corporate shareholder is present at any meeting by proxy or representative, it shall be deemed to be present in person. The proxy(ies) or representative(s) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

(1) the right which the shareholder has to speak at the Shareholders' Meeting;

(2) the right to demand a poll alone or jointly with others;

(3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy or representative is appointed, the proxies or representatives may only exercise such voting rights on a poll.

A form of proxy may be executed by a duly authorized officer of the Company.

A partner of a partnership enterprise shall be represented at the meeting by his/her executive managing partner or designated representative thereof, or by a proxy authorized by such executive managing partner. Where the executive managing partner or designated representative thereof attends the meeting, he/she shall present his/her identity card and valid documents proving his/her capacity as the executive managing partner or designated representative thereof; where a proxy attends the meeting, the proxy shall present his/her identity card and the written power of attorney issued by the executive managing partner or designated representative thereof in accordance with the law. Except where the shareholder is a recognized clearing house (or its nominee) as defined by the relevant ordinances from time to time in force in Hong Kong.

If the shareholder is a recognized clearing house (or its nominee) as defined by the relevant ordinances from time to time in force in Hong Kong, such shareholder may authorize one or more persons it deems appropriate to act as its proxy or representative at any Shareholders' Meeting (and/or Creditors' Meeting); provided that where more than one person is authorized, the power of attorney or proxy instrument shall specify the number and class of shares represented by each authorized person, and such power of attorney or proxy instrument must be executed by an authorized signatory of the recognized clearing house. The person(s) so authorized may attend the meeting on behalf of the recognized clearing house (or its nominee) (without producing evidence of shareholding, provided that their duly notarised authorization and/or further evidence confirms their formal authorization), speak at the meeting, and exercise rights as if such person(s) were individual shareholders of the Company. Such authorized person(s) shall enjoy statutory rights equivalent to those of other shareholders, including, but not limited to, speaking and voting rights.

Shareholders' Meeting Voting and Resolutions

The following matters shall be passed by the Shareholders' Meeting through ordinary resolutions:

(1) The work report of the Board of Directors;

(2) The profit distribution plan and loss recovery plan formulated by the Board of Directors;

(3) The appointment, removal, remuneration, and payment methods for members of the Board of Directors who are not assumed by staff representatives;

(4) The Company's annual report and the company's balance sheet, income statement, and other financial statements;

(5) The appointment or dismissal of accounting firms that undertake the Company's auditing business as well as the accounting firm's remuneration;

(6) Matters other than those required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association to be passed by special resolution.

The following matters shall be passed by the Shareholders' Meeting through special resolutions:

(1) The company increases or decreases its registered capital and issues any type of stock, warrants, and other similar securities;

(2) Passing a resolution on the company's bonds;

(3) The division, spin-off, merger, dissolution and liquidation (including voluntary liquidation) of the company or a change in the form of the company;

(4) Within one year, the company purchases or sells major assets the amount of which exceeds 30% (thirty percent) of the total assets as stated in the most recent audited financial statements;

(5) Consideration of matters regarding guarantees whose total amount in the last twelve (12) months exceeds 30% (thirty percent) of the company's total assets as stated in the most recent audited financial statements;

(6) Any form of amendment or modification of these Articles of Association;

(7) Equity incentive plans;

(8) Matters required by laws, administrative regulations, departmental rules, normative documents, laws and regulations of the stock market where the company is listed, listing rules or these Articles of Association, and other matters determined by the general meeting of shareholders by ordinary resolution as having a material impact on the company and requiring a special resolution to be passed.

Shareholders (including their proxies) shall exercise their voting rights based on the number of voting shares they represent, with each share carrying one vote.

Pursuant to applicable laws, administrative regulations, departmental rules, normative documents, the *Hong Kong Listing Rules* and the securities regulations of the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting or is restricted to voting only in favor or only against on any particular resolution, any vote cast by such shareholder (or its proxy) in violation of such provisions or restrictions shall be disregarded in the voting results.

Where material issues affecting the interests of minority shareholders are considered at the Shareholders' Meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

Shares held by the Company itself shall not carry voting rights, and such shares shall not be included in the total number of voting shares of shareholders present at the Shareholders' Meeting.

When the Shareholders' Meeting considers matters relating to connected transactions (as defined in the *Hong Kong Listing Rules*), the connected shareholders and their close associates (as defined in the *Hong Kong Listing Rules*) shall not vote on such resolutions, and the voting shares represented by them shall not be counted in the total number of valid votes. The announcement of the Shareholders' Meeting resolution shall fully disclose the voting results of non-connected persons.

Resolutions on connected transactions passed by the Shareholders' Meeting shall only be valid if approved by more than half of the votes cast by non-connected shareholders present at the Shareholders' Meeting. However, if such connected transaction involves matters requiring a special resolution under these Articles of Association, the resolution of the Shareholders' Meeting shall only be effective if passed by a two-thirds majority vote of the non-connected persons present at the meeting.

When proposals are reviewed at a Shareholders' Meeting, no amendments shall be permitted. Any modification to a proposal shall be treated as a new proposal and may not be voted upon during the current meeting.

Each voting right may only be exercised through one method: either on-site, by correspondence, or through other approved voting means. In case of duplicate voting for the same voting right, the first submitted vote shall prevail.

Voting at a Shareholders' Meeting shall be conducted by way of registered ballot. Prior to voting on any proposal, the meeting shall appoint two shareholder representatives to supervise the vote counting process. When reviewing matters involving connected transactions, relevant shareholders and their proxies shall be prohibited from participating in the vote-counting or vote-supervising process.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall possess the qualifications required by laws, administrative regulations and rules. Company directors shall be natural persons. Individuals falling under any of the following circumstances shall not serve as directors of the Company:

(1) Lacking civil capacity or having limited civil capacity;

(2) Having been sentenced to criminal punishment for embezzlement, bribery, property encroachment, property misappropriation, or disruption of the socialist market economic order, with less than five years elapsed since the completion of the sentence, or having been deprived of political rights due to a criminal conviction, with less than five years elapsed since the completion of the sentence (including two years from the expiration of the probation period if probation is declared);

(3) Having served as a director, factory director, or manager of a company or enterprise undergoing bankruptcy liquidation, and bearing personal responsibility for said bankruptcy, with less than three years elapsed since the completion of the bankruptcy liquidation;

(4) Having served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close due to violations of laws, and bearing personal responsibility, with less than three years elapsed since the date of license revocation or closure;

(5) Being listed as a dishonest person subject to enforcement by a people's court due to failure to repay a significant amount of personal debt upon maturity;

(6) Being subject to securities market entry restrictions imposed by the China Securities Regulatory Commission (CSRC), with the restriction period not yet expired;

(7) Other circumstances stipulated by laws, administrative regulations, departmental rules, or securities regulatory rules of the place where the Company's shares are listed.

Electing or appointing directors in violation of this provision shall render such election, appointment, or hiring invalid. If a director falls under any of the circumstances listed in the first paragraph of this article during his/her term of office, the Company shall relieve him/her of his/her duties and terminate his/her performance.

Non-employee representative Directors shall be elected or replaced by the Shareholders' Meeting in accordance with the law and may be removed from office by the Shareholders' Meeting before the expiration of their term, without prejudice to claims made by the Directors pursuant to any contract. Each term of the Board of Directors is three years. Directors may be re-elected for consecutive terms upon expiration of their term. Exceptions apply where otherwise stipulated by relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed.

The term of office of a director shall commence on the date of assumption of office and expire at the end of the current Board of Directors' term. If a director's term expires without timely re-election, the original director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, until the newly elected director assumes office.

Directors shall abide by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association, and shall owe the following fiduciary duties to the Company and take measures to avoid conflicts between their own interests and the Company's interests, and must not use their powers to seek improper benefits:

(1) Shall not use their positions to engage in bribery or accept other illegal income;

(2) Shall not misappropriate corporate or customer properties, and shall not misappropriate company or customer assets or funds;

(3) Shall not open accounts in their own names or in the names of other individuals to deposit company assets or funds;

(4) Shall not directly or indirectly enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of the Shareholders' Meeting or the Board of Directors;

(5) Shall not take advantage of their positions to seek for themselves or others any business opportunities that should belong to the Company, unless you report this to the board of directors or shareholders meeting and the shareholders meeting approves the resolution, or the company is prohibited from taking advantage of the business opportunity in accordance with the law, administrative regulations or the provisions of these Articles of Association;

(6) Shall not carry on a business of the same kind as that of the Company for himself or for others, without reporting to the Board of Directors or Shareholders' Meeting and without being approved by the Shareholders' Meeting through resolution;

(7) Shall not appropriate commissions received from transactions with the Company for personal gain;

(8) Shall not disclose company secrets without authorization;

(9) Shall not exploit their connected relationships to the detriment of the Company's interests;

(10) Shall exercise the rights granted by the company with caution, seriousness and diligence to protect the interests of the company and its shareholders;

(11) Shall comply with other fiduciary duties as stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

Any income obtained by a director in violation of these Articles of Association shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

Directors shall abide by laws, administrative regulations, and these Articles of Association, and owe the following duty of care to the Company. When performing their duties, they shall exercise the reasonable attention ordinarily expected of managers in the best interests of the Company.

(1) Shall exercise the rights granted by the Company with prudence, diligence, and care to ensure that the Company's business activities comply with national laws, administrative regulations, and national economic policies, and that business activities do not exceed the scope of business specified in the business license;

(2) Shall treat all shareholders fairly;

(3) Shall promptly understand the business operation and management situation of the Company;

(4) Shall sign written confirmation opinions on the Company's periodic reports, and ensure that the information disclosed by the Company is true, accurate, and complete;

(5) Shall provide relevant information and documents to the Audit Committee truthfully and shall not impede the Audit Committee from exercising its powers;

(6) Shall comply with other duties of care as stipulated by laws, administrative regulations, departmental rules, and these Articles of Association.

Directors (including independent non-executive directors) shall actively participate in relevant training, including training on listing rules and related risk training, and regularly participate in external training organized by the Stock Exchange or other regulatory authorities to understand their rights, obligations, and responsibilities as directors, become familiar with relevant laws and regulations, and master the knowledge required as directors.

If a director fails to attend a meeting of the Board of Directors in person for two consecutive times and does not entrust another director to attend on behalf, he/she shall be deemed unable to perform his/her duties, and the Board of Directors shall recommend to the Shareholders' Meeting that he/she be replaced. Subject to the securities regulatory rules of the place where the Company's shares are listed, any director attending the meeting of the Board of Directors by internet, video, telephone or other equivalent means, shall also be deemed to be present in person thereat.

If a director or a senior management enters into a contract or conducts transactions with the Company directly or indirectly, he/she shall report matters related to the contract or transaction to the Board of Directors or the Shareholders' Meeting and obtain a resolution from the Board of Directors or the Shareholders' Meeting in accordance with laws, regulations, and securities regulatory rules of the place where the Company's shares are listed.

The close relatives of directors and senior management, enterprises directly or indirectly controlled by a director and a senior management or his/her close relatives, and connected persons who have other affiliations with the director and the senior management shall be subject to the provisions of the preceding paragraph when entering into contracts or transactions with the Company.

Directors shall not use their positions to seek business opportunities belonging to the Company for themselves or others. However, the following circumstances are exceptions:

(1) Reporting to the Board of Directors or the Shareholders' Meeting and obtaining a resolution from the Board of Directors or the Shareholders' Meeting in accordance with laws, regulations, and securities regulatory rules of the place where the Company's shares are listed;

(2) The Company shall not utilize the business opportunity in accordance with laws, administrative regulations, or these Articles of Association.

Directors shall not engage in the same or similar business as the Company for their own account or on behalf of others without reporting to the Board of Directors or the Shareholders' Meeting and obtaining a resolution from the Board of Directors or the Shareholders' Meeting in accordance with laws, regulations, and securities regulatory rules of the place where the Company's shares are listed.

Board of Directors

The Company shall establish a Board of Directors, which is accountable to the Shareholders' Meeting. The Board of Directors shall consist of 9 directors, including 1 employee representative.

The Board of Directors shall exercise the following functions and powers:

(1) Convene the Shareholders' Meeting and report on its work to the Shareholders' Meeting;

(2) implementing resolutions of the general meetings;

(3) deciding the operating plans and investment schemes of the Company;

(4) formulating the profit distribution plan and loss makeup plan of the Company;

(5) formulating the Company's plans for the increase/decrease of the registered capital, issuance of corporate bonds or other securities, and listing on a stock exchange;

(6) contemplating the plans for merger, division, dissolution or change of form of the Company;

(7) contemplating the plans for purchase and disposal of material assets, share repurchase of the Company;

(8) appointing or dismissing the General Manager (the "CEO"), Secretary; appointing or dismissing the President, Vice President, Chief Financial Officer or other Senior Management of the Company as nominated and deciding on and decide on their remunerations, rewards and punishments;

(9) deciding on the setup of internal management bodies of the Company;

(10) determining the composition of special committees under the Board by the listing rules of the places where the shares of the Company are listed;

(11) formulating the fundamental management systems of the Company;

(12) formulating the modification plan of the Articles of Association;

(13) filing an application for bankruptcy on behalf of the Company;

(14) considering and approving shareholders to list and trade the unlisted shares on an overseas stock exchange;

(15) considering and approving the Company's transaction (including but not limited to the disclosable transaction and the connected transaction) that should be considered and approved by the Board of Directors pursuant to the laws, administrative regulations, departmental regulations, regulations or listing rules of the places where the shares of the Company are listed and the Articles of Association;

(16) deciding on the Company's external investments, acquisition and disposal of assets, pledge of assets, external guarantees, trust management and other matters within the scope of authorization by a general meeting;

(17) managing the disclosure of information by the Company;

(18) proposing to the general meeting with respect to the engagement or replacement of the audit firm of the Company;

(19) receiving the work report of the General Manager of the Company and examine such work;

(20) establishing the Company's purpose, values and strategy and ensuring that they are aligned with the Company's culture;

(21) developing and reviewing the policies and practices of the Company on corporate governance and make recommendations to the Board of Directors;

(22) reviewing and monitoring the training and continuous professional development of Directors and Senior Management;

(23) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(24) developing, reviewing and monitoring the code of conduct applicable to the Directors and employees;

(25) review the Company's compliance with the code provisions set out in the CG Code contained in Listing Rules and disclosures in the corporate governance report;

(26) any other functions and powers granted by the laws, regulations, the laws, regulations or listing rules of the places where the shares of the Company are listed, the Articles of Association or the General Meeting.

Other functions and powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, or the Shareholders' Meeting.

The Board of Directors shall have one Chairman appointed. The Chairman shall be elected by a majority vote of all directors of the Board of Directors.

The Chairman shall exercise the following functions and powers:

(1) Preside over the Shareholders' Meeting and convene and preside over meetings of the Board of Directors;

(2) Supervise and inspect the implementation of resolutions of the Board of Directors;

(3) Other functions and powers granted by the Board of Directors.

Meetings of the Board of Directors are classified into regular meetings and interim meetings. The Board of Directors shall hold at least four regular meetings each year. The Chairman shall convene the meetings, and notices shall be issued 14 days prior to the convening of a regular meeting.

In any of the following circumstances, the Chairman shall convene and preside over an interim meeting of the Board of Directors within 10 days of receiving the proposal:

(1) When shareholders holding more than ten percent (10%) of shares propose a motion;

(2) When the Chairman deems it necessary;

(3) When a joint proposal is made by more than one-third (1/3) of the directors;

(4) When a proposal is made by a majority of independent non-executive directors;

(5) When a proposal is made by the Audit Committee;

(6) When a proposal is made by the General Manager (CEO);

(7) Other circumstances provided by Chinese laws, administrative regulations, departmental rules, normative documents, the laws and regulations of the stock listing venue, listing rules, or these Articles of Association.

A meeting of the Board of Directors shall only be held if more than half of the directors are present. Resolutions of the Board of Directors must be passed by a majority vote of all directors. Voting on resolutions of the Board of Directors shall be conducted according to the one-vote-per-director principle.

If a director has a connected relationship with the enterprise or individual involved in the matter under consideration at the meeting of the Board of Directors, such director shall promptly report in writing to the Board of Directors. A director with a connected relationship shall not exercise voting rights on such resolution, nor shall he/she act as a proxy for other directors in exercising voting rights.

The meeting of the Board of Directors may be held with the attendance of more than half of the directors without a connected relationship, and resolutions made at the meeting of the Board of Directors must be passed by a majority vote of the directors without a connected relationship.

If the number of directors without a connected relationship attending the meeting of the Board of Directors is less than three, the matter shall be submitted to the Shareholders' Meeting for review. If there are any additional restrictions on directors' participation in and voting at meetings of the Board of Directors as stipulated by laws, regulations, or securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Meetings of the Board of Directors shall be attended by the directors in person; if a director is unable to attend for any reason, he/she may entrust another director in writing to attend on his/her behalf, and the letter of entrustment shall specify the name of the proxy, the matters to be represented, the scope of authorization, and the period of validity, and shall be signed or sealed by the entrusting party. The director attending the meeting on behalf of another shall exercise the rights of the director within the scope of authorization. Where a director neither attends the meeting of the Board of Directors nor entrusts a representative to attend, he/she shall be deemed to have waived the right to vote at that meeting.

Special Committees of the Board of Directors

The Board of Directors of the Company shall establish an Audit Committee, which shall exercise the powers of the Board of Supervisors as stipulated in the *Company Law*. The Audit Committee shall consist of three directors and can only be comprised of non-executive directors, and shall consist of at least three members, a majority of whom shall be independent directors, a majority of whom shall not hold any position in the Company other than that of director, and at least one of whom is an independent director with appropriate qualifications or accounting or related financial management expertise as required under the securities regulatory rules of the place where the Company's shares are listed, and the convener (chairperson) of the committee shall be an accounting professional from among the independent non-executive directors.

The Board of Directors of the Company shall establish a Remuneration Committee. The Remuneration Committee shall consist of three directors, with more than half being independent non-executive directors, and the convener (chairperson) shall be an independent non-executive director.

The Board of Directors of the Company shall establish a Nomination Committee. The Nomination Committee shall consist of three directors, with more than half being independent non-executive directors.

SENIOR MANAGEMENT

The Company shall have one General Manager, one CFO, one President, one vice President, and one Secretary to the Board of Directors, who shall be appointed or removed by the Board of Directors. The Company may decide to appoint other senior management personnel based on its actual operational and developmental needs. The General Manager, CFO, Secretary to the Board of Directors, and other senior management personnel appointed by the Board of Directors shall be deemed as the senior management of the Company.

The term of office of the General Manager is three years, and the General Manager may be reappointed for consecutive terms upon appointment by the Board of Directors.

The term of office of the General Manager shall commence from the date of approval by the resolution of the Board of Directors and shall end upon the expiration of the term of the current Board of Directors.

The General Manager shall be responsible for the Board of Directors and shall exercise the following functions and powers:

(1) Preside over the production, operation, and management work of the Company, implement the resolutions of the Board of Directors, and report work to the Board of Directors;

(2) Implement the Company's annual operating plans and investment plans;

(3) Propose plans for the establishment of the Company's internal management organization, and propose the Company's basic management system;

(4) Formulate the Company's specific rules and regulations;

(5) Propose to the Board of Directors the appointment or removal of other senior management personnel of the Company;

(6) Propose to convene an extraordinary meeting of the Board of Directors;

(7) Perform the duties and powers specified in the General Manager's work rules;

(8) Other functions and powers granted by the Articles of Association or the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION, AND AUDIT

Financial and Accounting Systems

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, and the provisions of relevant authorities. If there are additional provisions by the securities regulatory authority of the place where the Company's shares are listed, those provisions shall prevail.

The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company's funds shall not be deposited in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund exceeds 50% of the Company's registered capital, further allocation may be waived.

Where the Company's statutory reserve fund is insufficient to cover the losses of previous years, the Company shall first use the current year's profits to cover the losses before allocating to the statutory reserve fund in accordance with the preceding paragraph.

After setting aside the statutory reserve fund from the after-tax profits, the Company may, upon resolution of the Shareholders' Meeting, also set aside a discretionary reserve fund from the after-tax profits.

After the losses are covered and the statutory reserve fund is set aside, the remaining after-tax profits of the company shall be distributed among the shareholders according to the proportion of shares held by shareholders, unless otherwise provided in the Articles of Association.

The Company's own shares held by the Company shall not participate in the profit distribution.

The Company's reserve fund shall be used to cover the Company's losses, expand the Company's production and business operations, or be converted into an increase in the Company's registered capital. When the reserve fund is used to cover the Company's losses, the discretionary reserve fund and statutory reserve fund shall be used first; if they are still insufficient, the capital reserve fund may be used in accordance with the regulations.

When the statutory reserve fund is converted into an increase in registered capital, the retained amount of such reserve fund shall not be less than 25% of the Company's registered capital prior to the increase.

Appointment of Accounting Firms

The Company shall appoint an independent accounting firm that complies with the provisions of laws and regulations and the regulatory rules of the place where the shares of the Company are listed to conduct accounting statement audits, net asset verification, and other related consulting services, with a term of one year, which may be renewed.

The appointment, dismissal and remuneration (or the way to confirm the remuneration) of the accounting firm by the Company must be determined by the Shareholders' Meeting through ordinary resolutions, and the Board of Directors shall not appoint an accounting firm before the Shareholders' Meeting makes a decision.

When the Company dismisses or does not renew the appointment of an accounting firm, it shall notify the accounting firm 15 days in advance. When the Shareholders' Meeting of the Company votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

NOTIFICATION

Notifications from the Company shall be issued in the following forms:

(1) Delivery by a designated person;

(2) Transmission via fax, email, or postal mail;

(3) Notification via telephone;

(4) Public announcement (including posting on designated websites and the Company's official website in accordance with laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed);

(5) Other forms recognized by the relevant regulatory authorities of the place where the Company's shares are listed or as stipulated in the Company's Articles of Association.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION, AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

In the event of a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and inventory of assets. The Company shall notify its creditors within 10 days from the date of the merger resolution and make a public announcement in accordance with regulations within 30 days. Creditors may, within 30 days from the date of receipt of the notification, or within 45 days from the date of the public announcement provided that they have not received the notification, request the Company to settle its debts or provide corresponding guarantees.

In the event of a company division, the Company's assets shall be divided accordingly. The Company shall prepare a balance sheet and inventory of assets in the event of division. The Company shall notify its creditors within 10 days from the date of the division resolution and make a public announcement in accordance with regulations within 30 days.

When the Company needs to reduce its registered capital, it shall prepare a balance sheet and inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution to reduce the registered capital and make a public announcement in accordance with regulations within 30 days. Creditors have the right, within 30 days from the date of receipt of the notification, or within 45 days from the date of the public announcement provided that they have not received the notification, to request the Company to settle its debts or provide corresponding guarantees.

In the event of a company merger or division, where changes occur to the registered items, the Company shall complete the modification registration with the company registration authority in accordance with the law; in the event of dissolution, the Company shall complete company deregistration in accordance with the law; in the event of the establishment of a new company, the Company shall complete company establishment registration in accordance with the law.

Where the Company increases or reduces its registered capital, it shall apply to the company registration authority for modification registration in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(1) The business term specified in these Articles of Association expires, or any other dissolution cause stipulated herein arises;

(2) The Shareholders' Meeting resolves to dissolve the Company;

(3) Dissolution is required due to a merger or division of the Company;

(4) The Company's business license is revoked in accordance with the law, it is ordered to close down, or it is administratively revoked;

(5) Where severe difficulties arise in the Company's operations and management, and its continued existence would cause material detriment to shareholders' interests, and such difficulties cannot be resolved through other means, shareholders holding 10% or more of the total voting rights of the Company may petition the people's court for dissolution of the Company.

Where the Company falls under any of the dissolution causes specified in the preceding paragraph, it shall publicise the dissolution cause(s) via the National Enterprise Credit Information Publicity System within 10 days.

Where the Company falls under circumstances (1) or (2) above and has not yet distributed assets to shareholders, it may continue to exist by amending these Articles of Association or through a resolution of the Shareholders' Meeting.

Amendments to these Articles of Association or resolutions of the Shareholders' Meeting in accordance with the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the Shareholders' Meeting.

If the Company is dissolved due to the causes specified in items (1), (2), (4), and (5) above, it shall undergo liquidation. Directors are the liquidation obligors of the Company and shall form a liquidation committee to conduct liquidation within 15 days from the date when the dissolution cause arises. The liquidation committee shall be composed of directors or personnel determined by the Shareholders' Meeting. If the liquidation committee is not formed within the prescribed time limit for liquidation, creditors may apply to the people's court for the appointment of relevant personnel to form a liquidation committee to carry out liquidation. If the liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

During the liquidation period, the liquidation committee shall exercise the following functions and powers:

(1) Liquidate the Company's assets, and prepare a balance sheet and inventory of assets respectively;

(2) Notify and announce to creditors;

(3) Handle the Company's outstanding business related to liquidation;

(4) Settle outstanding taxes and taxes incurred during the liquidation process;

(5) Clear up the creditor's rights and debts;

(6) Dispose of the Company's residual assets after debt repayment;

(7) Represent the Company in civil litigation activities.

The liquidation committee shall notify creditors within 10 days from the date of its establishment and make a public announcement in accordance with regulations within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notification, or within 45 days from the date of the public announcement provided that they have not received the notification.

When declaring their claims, creditors shall provide relevant information of claims and supporting documents. The liquidation committee shall register the claims.

During the period of claim declaration, the liquidation committee shall not make any debt repayments to creditors.

After liquidating the Company's assets and preparing the balance sheet and inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the Shareholders' Meeting or the people's court for confirmation.

After applying of the Company's assets to pay liquidation expenses, employees' wages, social insurance contributions, statutory compensations, outstanding taxes, and company debts in sequence, any residual assets shall be distributed among shareholders in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation. No distribution of assets shall be made to shareholders until all the Company's assets have been liquidated in accordance with the preceding paragraph.

After liquidating of the Company's assets and preparing the balance sheet and inventory of assets, if the liquidation committee finds that the Company's assets are insufficient to repay its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders' Meeting or the people's court for confirmation, and report it to the company registration authority to apply for cancelation of the Company's registration.

Where the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

(1) After the *Company Law* or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed are amended, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;

(2) The Company's situation has changed and is inconsistent with the matters recorded in the Articles of Association;

(3) The Shareholders' Meeting decides to amend the Articles of Association.

Any amendments to the Articles of Association approved by a resolution of the Shareholders' Meeting that require approval from the competent authority shall be submitted to the competent authority for approval; where the amendments involve company registration matters, the changes shall be registered in accordance with the law.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as a limited liability company under the laws of the PRC in March 2015 and was converted into a joint stock company with limited liability in October 2024. Our registered office is at 14th Floor, Building A, Chuangzhi Building, No. 17 Xinghuo Road, Jiangbei New Area, Nanjing City, Jiangsu Province, PRC, and our headquarter and principal place of business is at Room 601, No. 10, Lane 198, Zhangheng Road, Pudong New Area, Shanghai, PRC.

We have established a place of business in Hong Kong at [19/F, Room 1912, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong] and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], 2025. Ms. Shum Kit Han (岑潔嫻), our joint company secretary, is the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. An overview of the relevant aspects of laws and regulations of the PRC is set out in the section headed "Regulatory Overview" in this document. A summary of our Articles of Association is set out in Appendix III to this document.

B. Changes in the Share Capital of our Company

Save as disclosed above, there has been no alteration in the share capital within two years immediately preceding the date of this document.

(1) On October 23, 2024, our then Shareholders, being our promoters, passed resolutions approving, among others, the conversion of our Company into a joint stock company with limited liability under the laws of the PRC. In accordance with an audit report of our Company issued by an independent accountant, as of July 31, 2024, the audited net asset value of our Company was RMB546,535,708.20, among which, RMB15,811,430 was converted into 15,811,430 Shares with a nominal value of RMB1.00 each and the remaining RMB530,724,278.20 was converted into capital reserve.

(2) On November 11, 2024, the registered capital of our Company from RMB15,811,430 to RMB16,147,367 and further increased to RMB16,281,741 on July 30, 2025.

(3) On August 29, 2025, our Company subdivided its Shares from one Share of RMB1.00 each into 20 Shares of RMB0.05 each. Accordingly, our total issued Shares increased to 325,634,820 Shares with our registered share capital remained unchanged. For details of changes in our share capital since the date of our establishment, please see "History, Development and Corporate Structure".

Immediately following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming that the [**REDACTED**] is not exercised, our registered share capital will be increased to RMB[**REDACTED**], divided into [**REDACTED**] H Shares.

C. Resolutions Passed by Our Shareholders' General Meeting in relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on August 28, 2025, the following resolutions, among others, were duly passed:

(1) the sub-division of the Shares with nominal value of RMB1.00 each on the basis of one to twenty (20) with nominal value of RMB0.05 each, effective immediately upon approval at the shareholders' meeting;

(2) the number of H Shares to be issued pursuant to the [**REDACTED**] shall be no more than 25% of the total issued share capital of our Company as enlarged by the [**REDACTED**] before the exercise of the [**REDACTED**] and the number of H Shares to be issued pursuant to full exercise of the [**REDACTED**] shall be no more than 15% of the initial number of Shares offered in the [**REDACTED**];

(3) subject to the filing with CSRC being completed, upon completion of the [**REDACTED**] and taking into account the Share Subdivision, [325,634,820] Unlisted Shares will be converted into H Shares on a one-for-one basis;

(4) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**] Date and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities; and

(5) our Board and/or its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the issue of H Shares and the [**REDACTED**].

D. Changes in Share Capital of our Subsidiaries

The list of our subsidiaries is set out in Note 1 to the Accountants' Report, the text of which is set out in Appendix I to this Document.

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this document.

(1) On March 12, 2025, the registered share capital of Shanghai SENASIC was increased from RMB5 million to RMB35 million, and further increased to RMB65 million on June 12, 2025.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see the section headed "Appendix III—Summary of Articles of Association" in this document.

F. Employee Incentive Scheme

The following is a summary of the principal terms of the Employee Incentive Scheme adopted in December 2015. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as no Shares will be granted under such scheme after the [**REDACTED**].

Purposes

The purpose of the Employee Incentive Scheme is to promote the rapid and sustainable growth of our Company and to incentivize outstanding employees to enable them to share in the Company's future success and value creation throughout our development journey.

Eligibility and Grant

Persons eligible to receive the restricted share units (the "RSUs") under the Employee Incentive Scheme are core members of the management team and key employees of our Group who are currently employed. The specific list of grantees (the "Grantees") and the relevant terms, including, among others, the subscription price, grant date and number of incentive shares, shall be determined by the chairman of our Company as authorized by the Board of Directors. Grantees shall remit the total subscription price to the shareholding platform within the period specified by our Company. Failure to do so within the designated timeframe shall be deemed a voluntary forfeiture of the incentive shares, and our Company shall have the right to reclaim such equity.

Administration

The Board of Directors shall be responsible for handling and implementing all matters related to this incentive plan. Within the scope of its authority, the Board may delegate part or all of the responsibilities pertaining to this plan to the chairman. The Chairman shall lead the implementation of this incentive plan within the scope of authority delegated by the Board of Directors and shall be responsible for handling matters related to its implementation.

Rights and Restrictions

The Grantees are entitled to all the rights attached to the RSUs upon the date of grant, including the economic interests of the RSUs as well as the rights to receive dividends and other economic benefits, except that such RSUs shall be subject to certain disposal restrictions during the service period as described below.

Under this incentive scheme, the service period (the "Service Period") for Grantees is either of the following: scenarios: (1) a period of 48 months from the grant date or three years from the date that our Company successfully completes its [**REDACTED**] and is [**REDACTED**] on a domestic or foreign stock exchange, whichever is later; (2) a period of 24 months from the grant date; or (3) a service period determined by the chairman as authorized by the Board of Directors. Prior to the completion of the Service Period, Grantees shall not transfer their incentive equity, and shall not, without our Company's prior written consent, use their incentive equity in any form as collateral or for any guarantee purposes. Any such pledge or guarantee made without our Company's written consent shall be deemed invalid. After the completion of the Service Period, Grantees holding equity granted under the Service Period of Scenario (2) above shall, during the period from the date the incentive equity is acquired until three years after our Company's [**REDACTED**], not sell, pledge, transfer, or otherwise dispose of such equity without the consent of the managing partner of the partnership that holds the incentive equity.

During the Service Period, if any of the following circumstances apply to a Grantee, he/she shall lose eligibility to receive incentive shares under this plan: (1) violation of applicable laws, administrative regulations, articles of association, internal policies, or the provisions of this plan and related documents; (2) being held criminally liable in accordance with the law due to criminal conduct; (3) being held or likely to be held civilly liable in a manner that threatens or adversely affects our interests or reputation; (4) disclosure of business or technical secrets or other unlawful or disciplinary acts that harm our interests or reputation, including serious negligence or misconduct; (5) engaging in, in any form, business activities that are the same as or similar to those of our Company or subsidiaries, or investing in companies engaged in such activities (excluding investments made through secondary markets); (6) participating in the operations of, or investing in, distributors or agents of our Company or subsidiaries in any form (excluding investments made through secondary markets); (7) committing serious personal integrity violations or using our interest for personal gain, such as off-the-books sales revenue or illegal benefits from suppliers; (8) receiving an annual individual performance evaluation result of 'unsatisfactory'; (9) breaching non-compete agreements; (10) failing to comply with confidentiality obligations stipulated in this plan; and (11) any other circumstances determined by our Company to have caused significant negative impact.

Our Company shall have the right to designate an entity to repurchase the incentive equity held by such Grantee at the repurchase price equivalent to the relevant subscription price of such incentive equity. The Grantees shall also remain to be liable for any loss and damage caused to our Company.

During the Service Period, if any of the following circumstances apply to a Grantee, our Company shall have the right to designate an entity to repurchase the incentive equity held by such Grantee at the repurchase price equivalent to the relevant subscription price of such incentive equity plus relevant accrued interests: (1) loss of labor capacity or civil conduct capacity, or death, not arising from the performance of duties; (2) termination of employment due to company downsizing, voluntary resignation, or mutual agreement between the employee and our Company to terminate or dissolve the employment/engagement contract; and (3) expiration of the employment/engagement contract without renewal.

Expenses, Dispute Resolution, Amendments and Termination

Any taxes and fees arising from this equity incentive, as well as the operational and management fees of the shareholding platform, shall be borne by the Grantees in accordance with applicable laws and regulations. Amendments and termination of this incentive plan shall be approved by the shareholders of our Company.

In the event of any dispute between our Company and a Grantee, such dispute shall be resolved in accordance with the provisions of this incentive plan and the related incentive agreement, or through mediation by the Board of Directors. If the dispute or conflict is not resolved through the aforementioned means within sixty (60) days from the date of its occurrence, either party may file a lawsuit with the court in our Company's jurisdiction.

Number of the RSUs

The aggregate maximum number of Shares pursuant to the Employee Incentive Scheme is 54,470,220 Shares, which are issued and held by Shanghai Ruixinchuang and Shanghai Chuangyingrui, our ESOP platforms. As of the Latest Practicable Date, all the RSUs under this incentive plan has been fully granted, which was 54,470,220 Shares representing [**REDACTED**]% of the total issued share capital of our Company immediately upon completion of the [**REDACTED**], assuming no exercise of the [**REDACTED**].

Particulars of the RSUs issued to the Grantees are set forth below:

Name of Grantees	Position held with our Group	Number of Shares underlying the RSUs	Approximate shareholding percentage[(1)]
Directors, Senior Management and Connected Persons			
Dr, Li	Chairman, executive Director and chief executive officer	12,114,680	[**REDACTED**]
Mr. Zhu Shouteng (朱守騰)	Executive Director and president	9,802,980	[**REDACTED**]
Mr. Li	Executive Director and vice president	665,880	[**REDACTED**]
Ms. Xu Hongru (徐紅如)	Executive Director	6,114,600	[**REDACTED**]
Ms. Xu Yalei (許雅蕾)	Chief financial officer and Board secretary	2,537,960	[**REDACTED**]
Mr. Wen Li (溫立)	Supervisor of Shanghai SENASIC	4,717,560	[**REDACTED**]

Name of Grantees	Position held with our Group	Number of Shares underlying the RSUs	Approximate shareholding percentage[(1)]
Other Grantees			
Independent Third Parties	73 employees of our Group	18,516,560	[**REDACTED**]
Total	–	**54,470,220**	[**REDACTED**]

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the [**REDACTED**] without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**].

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(1) [**REDACTED**].

B. Our Intellectual Property Rights

As of the Latest Practicable Date, our Company had registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
1.	英锐创	42	Our Company	The PRC	40879145	From April 21, 2020 to April 20, 2030
2.	英锐创	35	Our Company	The PRC	40873601	From April 21, 2020 to April 20, 2030
3.	英锐创	9	Our Company	The PRC	43911990	From October 14, 2021 to October 13, 2031
4.	英锐创	9	Our Company	The PRC	40892976A	From May 28, 2020 to May 27, 2030
5.	琻捷	9	Our Company	The PRC	37798739	From December 21, 2019 to December 20, 2029
6.	琻捷	9	Our Company	The PRC	38229558	From September 7, 2020 to September 6, 2030
7.	琻捷	35	Our Company	The PRC	38236374	From April 14, 2020 to April 13, 2030
8.	琻捷	42	Our Company	The PRC	38236370	From March 21, 2020 to March 20, 2030

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
9.	SENASIC	9	Our Company	The PRC	38243154	From February 14, 2021 to February 13, 2031
10.	SENASIC	9	Our Company	The PRC	23301507	From March 14, 2018 to March 13, 2028
11.	SENASIC	42	Our Company	The PRC	38233150	From March 14, 2020 to March 13, 2030
12.	SENASIC	35	Our Company	The PRC	38223625	From February 7, 2020 to February 6, 2030
13.	SENASIC	9	Our Company	The PRC	66718305	From March 7, 2024 to March 6, 2034
14.	SENASIC	35	Our Company	The PRC	66702108	From July 14, 2024 to July 13, 2034

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Owner	Description	Patent No.	Types of Patents	Application Date
1.	Our Company	Wireless Communication System and Its Signal Transceiving Device (無線通信系統及其信號收發裝置)	2022106717934	Invention	June 1, 2022
2.	Our Company	Data Packet Synchronization Circuit and Method (數據包同步電路及方法)	2019102118320	Invention	March 20, 2019
3.	Our Company	Tire Pressure Detection Signal Receiving Circuit, System, and Method (胎壓檢測信號接收電路、系統及方法)	202111359397X	Invention	November 17, 2021
4.	Our Company	Mismatch Calibration Circuit, Method, System, and RF System (失配校準電路、方法、系統和射頻系統)	2020108254571	Invention	August 17, 2020
5.	Our Company	Alarm Integrated Circuit, Alarm System, and Alarm Method (報警集成電路、報警系統及報警方法)	2022102564696	Invention	March 16, 2022
6.	Our Company	Sensor Diagnostic Device and Sensor Detection Circuit (傳感器診斷裝置和傳感器檢測電路)	202110127511X	Invention	January 29, 2021

No.	Owner	Description	Patent No.	Types of Patents	Application Date
7.	Our Company	Voltage Correction Method, Device, and Electronic Equipment (電壓校正的方法、裝置及電子設備)	2022101240609	Invention	February 10, 2022
8.	Our Company	Bluetooth Receiving Device and Bluetooth Communication Method and Electronic Equipment (藍牙接收裝置和藍牙通信方法及電子設備)	202010194668X	Invention	March 18, 2020
9.	Our Company	Automatic Mismatch Calibration Circuit, Method, and RF Receiver (自動失配校準電路、方法及射頻接收機)	2020107991640	Invention	August 11, 2020
10.	Our Company	Chip Testing Device and Functional Board (芯片檢測裝置和功能板卡)	2021116659663	Invention	December 30, 2021
11.	Our Company	Low-Power Power Supply Circuit (低功耗供電電路)	202211140623X	Invention	September 20, 2022
12.	Our Company	Data Transceiving System, Data Receiving Device, and Its Control Method (數據收發系統、數據接收設備及其控制方法)	2022101560607	Invention	February 21, 2022
13.	Our Company	In-Vehicle Alarm System, In-Vehicle Alarm Method, and Computer Device (車載報警系統、車載報警方法及計算機設備)	2020107498422	Invention	July 30, 2020
14.	Our Company	FLASH Abnormal Power-Off Protection Circuit, Device, and Method (FLASH異常掉電保護電路、裝置及方法)	2021107692003	Invention	July 7, 2021
15.	Our Company	Low-Frequency Decoding Integrated Circuit and TPMS Control System (低頻解碼集成電路及TPMS控制系統)	2022101236923	Invention	February 10, 2022
16.	Our Company	Bluetooth Module, Event Control Method for Bluetooth Module, and Electronic Equipment (藍牙模塊、藍牙模塊的事件控制方法及電子設備)	2020103953387	Invention	May 11, 2020
17.	Our Company	Signal Detection Circuit and Tire Pressure Monitoring System (信號檢測電路及胎壓監測系統)	2022109825131	Invention	August 16, 2022

No.	Owner	Description	Patent No.	Types of Patents	Application Date
18.	Our Company	Bandgap Reference Circuit (帶隙基準電路)	2022106157364	Invention	June 1, 2022
19.	Our Company	Automotive Motion State Monitoring Integrated Circuit Without an Accelerometer (一種無需加速度傳感器的汽車運動狀態監測集成電路)	2016210044848	Invention	August 31, 2016
20.	Our Company	Binary Floating-Point Multiplication Circuit, Its Control Method, and Computing Device (二進制浮點數乘法運算電路及其控制方法、計算裝置)	2021110117134	Invention	August 31, 2021

Domain Names

As of the Latest Practicable Date, we had registered the following domain name which we considered to be material to our business:

No.	Domain Name	Registered owner	Place of registration
1.	senasic.com	Our Company	PRC

Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we considered to be material to our business:

No.	Software Name	Version	Owner	Registration No.	Date of Registration
1.	Universal Sensor Conditioning Chip Debugging Software (USI_Debug_Tool) (通用傳感器調理芯片調試軟件 (USI_Debug_Tool))	V1.0	Our Company	2024SR1901208	November 26, 2024
2.	Senasic OxygenSensorCalibration Software	V1.0	Our Company	2021SR1131600	July 30, 2021
3.	Senasic BLE Tool Software	V1.0	Our Company	2020SR0418703	May 8, 2020

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Contracts

Each of our Directors has entered into a service contract with our Company on [●]. Each service contract is for an initial term equivalent to the term of service of such Director. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

B. Remuneration of Directors

See "Directors and Senior Management" and Note 8 to the Accountants' Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors for each of the three years ended December 31, 2024 and the six months ended June 30, 2025.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

4. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of Directors

Save as disclosed below, immediately following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (assuming that the [**REDACTED**] is not exercised), none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were 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 entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [**REDACTED**] on the [**REDACTED**].

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)		
Name of Director	Our Company/ associated corporation	Capacity/nature of interest	Number of Unlisted Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Li Mengxiong (李夢雄)	Our Company	Beneficial owner(1)	34,130,460	10.48%	[REDACTED]	H Shares	[REDACTED]
		Interest in controlled corporation(1)(2)	57,301,400	17.60%	[REDACTED]	H Shares	[REDACTED]
		Interest held jointly with another person(1)(2)	13,586,460	4.17%	[REDACTED]	H Shares	[REDACTED]
Mr. Li Shuguang (李曙光)	Our Company	Beneficial owner(1)	13,586,460	4.17%	[REDACTED]	H Shares	[REDACTED]
		Interest held jointly with another person(1)(2)	91,431,860	28.08%	[REDACTED]	H Shares	[REDACTED]
Mr. Zhu Shouteng (朱守騰)	Our Company	Interest in controlled corporation(1)(2)	29,631,720	9.10%	[REDACTED]	H Shares	[REDACTED]
Ms. Xu Hongru (徐紅如)	Our Company	Interest in controlled corporation(1)(2)	24,838,700	7.63%	[REDACTED]	H Shares	[REDACTED]

(1) See "Substantial Shareholders" for details.

(2) These interests include the Shares beneficially owned by them under the Employee Incentive Scheme. See "—1. Further Information about Our Company—F. Employee Incentive Scheme" for details.

Up to the Latest Practicable Date, none of the Directors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to subscribe for shares or debentures of our Company or any of its associated corporations.

B. Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, would fall to be disclosed to our Company under the provisions of Divisions 2 an 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

C. Disclaimers

(1) None of our Directors has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been 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;

(2) None of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

(3) So far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

B. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any outstanding material litigation or arbitration which may have material and adverse effect on the [**REDACTED**] and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

C. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will be paid by our Company a total fee of HK$6.5 million to act as the sponsors in connection with the [**REDACTED**].

D. Compliance Advisor

Our Company has appointed Maxa Capital Limited as the compliance advisor upon the [**REDACTED**] in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expenses.

F. Promoters

See "History, Development and Corporate Structure—Major Shareholding Changes Of Our Company During The Track Record Period—Conversion into A Joint Stock Company" for details of our promoters.

Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
Guotai Junan Capital Limited	A licensed corporation under the SFO for type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
King & Wood Mallesons	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

H. Consents of Experts

Each of the experts named in "5. Other Information—G. Qualification of Experts" above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. For further information in relation to taxation, see "Regulation Overview."

J. No Material and Adverse Change

Our Directors confirm that there has been no material and adverse change in the financial or trading position of our Group since June 30, 2025 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants's Report).

K. Binding Effect

This document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in Note 31 to the Accountants' Report in Appendix I to this document.

M. Miscellaneous

(1) Within the two years immediately preceding the date of this document:

(i) save as disclosed in the section headed "History, Development and Corporate Structure", no share or loan capital of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;

(iii) save as disclosed in the section headed "[**REDACTED**]," 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 of our Group; and

(iv) save as disclosed in the section headed "[**REDACTED**]," no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company.

(2) There are no founder, management or deferred shares or any debentures in our Group.

(3) 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.

(4) Our Company has no outstanding convertible debt securities or debentures.

(5) There is no arrangement under which future dividends are waived or agreed to be waived.

(6) Save as disclosed in the section headed "History, Development and Corporate Structure," none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to deal being or proposed to be sought.

(7) All necessary arrangements have been made to enable the H shares to be admitted into [**REDACTED**] for clearing and settlement.

(8) No company within our Group is presently listed on any stock exchange or traded on any trading system.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(1) copies of the material contract referred to in "2. Further Information about Our Business—A. Summary of Our Material Contract" in Appendix IV; and

(2) the written consents referred to in "5. Other information—H. Consents of Experts" in Appendix IV.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the websites of our Company at **www.senasic.com** and on the website of the Stock Exchange at **www.hkexnews.hk** up to and including the date which is 14 days from the date of this document:

(1) the Articles of Association in Chinese;

(2) the Accountants' Report from KPMG, the text of which is set out in Appendix I;

(3) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;

(4) the report from KPMG relating to the unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II;

(5) the material contract referred to in "2. Further Information about Our Business—A. Summary of Our Material Contract" in Appendix IV;

(6) the written consents referred to in "5. Other Information—H. Consents of Experts" in Appendix IV;

(7) the service contracts referred to in "3. Further Information about Our Directors—A. Particulars of Directors' Contracts" in Appendix IV;

(8) the legal opinions issued by King & Wood Mallesons, our PRC Legal Advisor, in respect of certain general corporate matters and our Group's business operations in the PRC;

(9) the PRC Company Law and the Trial Administrative Measures together with their unofficial English translations;

(10) the industry report issued by Frost & Sullivan;

(11) a copy of the following PRC laws, together with unofficial English translations: (i) the PRC Company Law; (ii) the PRC Securities Law; and (iii) the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies; and

(12) [the letters from KPMG and the Joint Sponsors relating to the [**REDACTED**] of our Group for the year ended [**REDACTED**], the text of which is set out in [**REDACTED**] to this document].