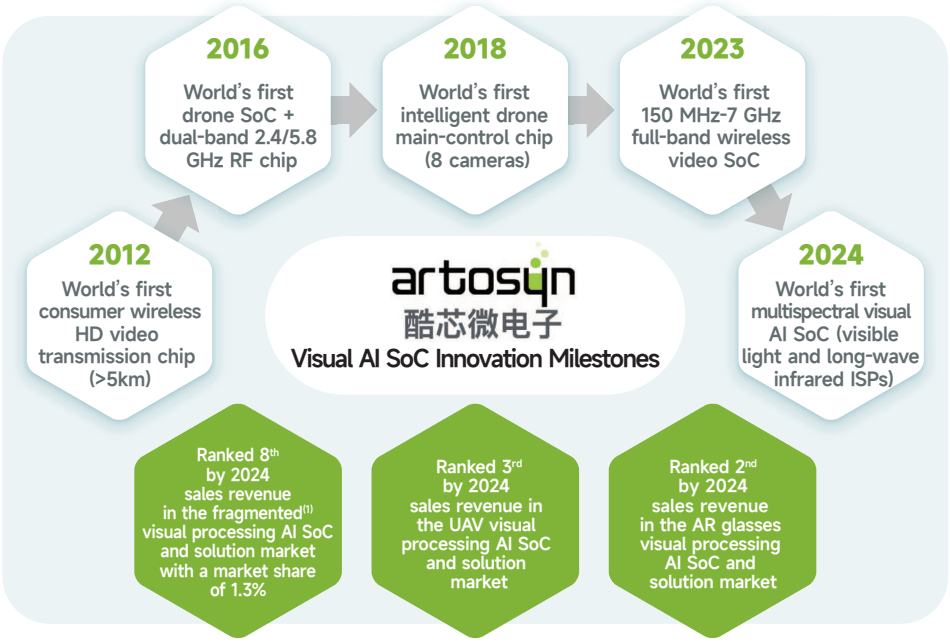
OVERVIEW

Who We Are

We are a market-leading visual processing AI SoC supplier in China with solid solutions capabilities. By combining deep industry expertise with innovative technologies, we offer a diversified product portfolio designed for both consumer and industrial AI applications. Seamlessly integrated into UAVs, AIoT and smart wearables applications, our products continuously expand the application landscape and enhance the utility of smart devices. The following diagram sets out our market positions and track record of introducing pioneering IC/SoC, products since inception. According to Frost & Sullivan:

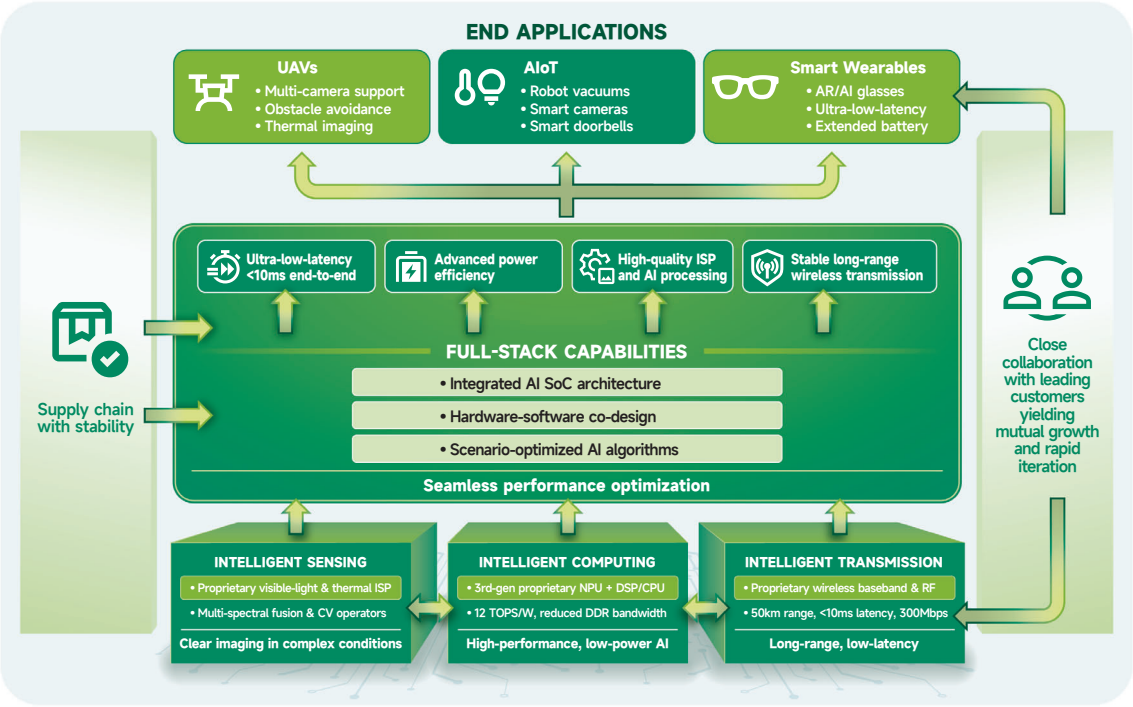


Note:

(1) The China visual processing AI SoC and solution market is broad-based and highly diversified by application, driven by demand across a wide range of end-use scenarios.

Our business is built on robust full-stack in-house R&D capabilities. Leveraging solid IC architecture design capabilities, we have established a strong technical foundation surrounding intelligent sensing, computing and transmission, which enable us to deliver cutting-edge visual processing AI SoC and wireless video transmission SoC products and solutions. Through deep vertical integration of high-performance SoC architectures, proprietary technology IPs and dedicated algorithms and software, we empower smart devices without compromising performance, power consumption, or costs. Leveraging our robust, anti-interference wireless video transmission modules, we have also provided added advantages in the UAV, AIoT and smart wearables markets.

The following diagram illustrates our business structure.



Rooted in our foresight and visionary perception, we are proud to be the trailblazer in defining visual processing products that drive innovations across UAV, AIoT and smart wearables applications. Benefiting from our first-mover advantage, we have consistently been one of the first market players to enable the commercialization of these technologies across the industry verticals. Our extensive experience in AI IC design accumulated over the years allows us to set new industry precedents for power efficiency and latency, and continuously raise the technological entry barriers for the competitors. By leveraging our strong technological and engineering capabilities, together with go-to-market execution, we have successfully and repeatedly captured high-growth market opportunities. We believe that these execution strengths have enabled us to achieve leading market positions during the Track Record Period, and build the structure for sustained future growth.

Value creation for customers is central to our operations, and we continue to deliver value through sustained technological innovation. Through close collaboration with leading technology companies across various sectors, we stay at the forefront of industry trends and continuously refine our technology roadmaps. Supported by agile R&D capabilities and strong partnerships, we respond effectively to innovation demands in smart device markets. We consistently launch visual processing AI SoC products that enable intelligent upgrades across diverse applications, and reinforce our leadership in the AI era. Building on our established leadership and market presence in UAVs, AIoT and smart wearables, we aim to capture AI-driven opportunities in visual interaction and invest in pioneering projects in the relevant next-generation technologies. We also plan to further expand into emerging markets such as thumb cameras and handheld gimbal cameras. Moreover, we intend to extend our footprint into advanced intelligent domains, including embodied intelligence and on-device AI inference, aiming to unlock the next wave of exponential market growth with technologies breakthroughs.

Our Mission

To empower innovation across AI markets through full-stack proprietary visual processing technology.

Our Vision

To become a global leader in visual processing AI SoCs and solutions bridging physical world and digital intelligence to deliver world-class products and experiences.

Our Core Products

Our core products are distinguished by high-computing power, low power consumption, and low video transmission latency, These attributes represent the defining advantages of our proprietary-IP-empowered visual processing AI SoCs over general-purpose AI SoCs. Our products are the intelligent engines that power smart devices and accelerate the use of AI.

Our comprehensive visual processing AI SoC and video transmission SoC products and solutions are widely used in UAVs, AIoT and smart wearables industries. The following descriptions illustrate how our products and solutions are applied to the relevant end products:

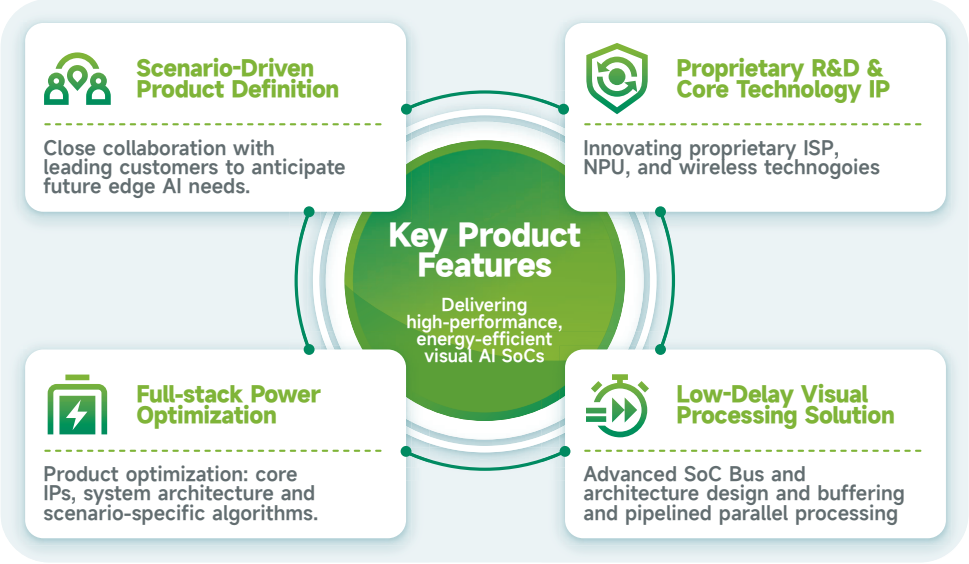
- **UAVs**. As a pioneer in the UAV sector since 2012, we have had over a decade of industry engagement to establish a robust market presence and deep domain expertise. Our core offerings include high-performance visual processing AI SoCs that feature integrated visible light and thermal imaging capabilities, alongside advanced wireless video transmission SoCs. Our comprehensive portfolio provides integrated solutions for intelligent flight, long-distance video transmission and edge computing, covering the full range of consumer and industrial scenarios applicable to low-altitude economy.

- **AIoT.** Leveraging our (i) compact AI SoCs featuring low-power, efficient AI computing and (ii) industry-leading wireless video transmission SoCs featuring long communication range and low-latency, we have established a robust presence in the AIoT markets. Our footprint encompasses robotic vacuum cleaners, lawn-mowing robots, smart doorbells, wireless IP cameras and access control systems. Furthermore, we are strategically expanding into emerging consumer segments, including thumb cameras and handheld gimbal cameras.

- **Smart Wearables.** We were among the first to develop high-performance, low-power and compact visual AI SoCs with dedicated designed features for AR/AI glasses. We are strategically expanding our product footprint to include solutions for the smart watches and smart earphones, further diversifying our presence across the smart wearables market.

- **Technology Services.** In addition to offering visual processing AI SoC products and solutions, for strategic customers, we offer proprietary algorithms design and technology services to aid our customers' product development, encompassing production line configuration and maintenance protocol development. We also selectively grant strategic customers with access to core technology IPs and software or integrated IP into our chips, facilitating deep collaboration and system-level integration.

The following diagram illustrates our key product features.



- **Scenario-driven, forward-looking product defining.** Close collaboration with leading customers in various application scenarios allows us to anticipate future needs of edge AI in a timely manner, which we then apply to extend our business reach. Coupling our customer-centric approach with our full-stack technological capabilities, we help downstream industry leaders succeed in competitive markets through forward-looking product defining and the provision of integrated visual products and solutions.

- **Closed-loop proprietary R&D and core technology intellectual property.** By innovating and iterating proprietary core technologies across the domains of ISP, NPU and wireless communication, we establish our technical pillars essential for the continued advancement of smart devices.

- **Commitment to product power optimization.** We have strived to optimize power consumption for our products through a full-stack approach that covers across our proprietary core IPs, system architecture and scenario-specific algorithms. This holistic approach ensures that our products outperform competitors in energy efficiency without compromising performance, costs, or flexibility.

- **Support smart devices with low-delay visual processing and video transmission.** Extended camera-to-display latency is the root cause of dizziness associated with AR/MR devices, and the lagging operation of UAV remote video control. Our holistic technical enhancement surrounding (i) advanced SoC Bus and architecture design and (ii) buffering and pipelined parallel processing across ISP, codec and wireless communication modules, significantly reduced live-image latency in both wired and wireless transmission.

COMPETITIVE LANDSCAPE AND MARKET OPPORTUNITY

We operate across three core application scenarios where visual processing AI SoC products and solutions play critical roles. In UAVs, our solutions power intelligent flight control, long-distance video transmission, and edge computing for both consumer and industrial applications. In AIoT, we serve applications including robotic cleaners, smart cameras, and emerging consumer electronics. Within smart wearables, we focus on emerging devices such as AR/AI glasses that require low-power, high-performance visual processing AI SoCs.

According to Frost and Sullivan, we ranked eighth in the visual processing AI SoC products and solution market in China, with a market share of 1.3% measured by sales revenue in 2024. The visual processing AI SoC and solution market is projected to reach RMB99.3 billion in China and RMB148.3 billion globally by 2029, with CAGRs of 24.7% and 22.8%, between 2025 and 2029 respectively. Growth is particularly pronounced across our core segments, driven by expanding use cases in UAVs, the continued diversification of AIoT applications, and the transition of smart wearables from early exploration to large-scale commercialization. See "Industry Overview" in this Document for further details on industry trends and growth drivers.

Moreover, as application requirements continue to evolve, market demand is increasingly shifting from standalone SoCs toward integrated solutions that combine hardware adaptation, algorithm optimization and scenario-specific customization, providing sustained momentum for market expansion. Against this backdrop, our vertically integrated capabilities spanning IC design, proprietary IP development and scenario-optimized algorithms enable us to deliver differentiated products that address specific requirements across these target markets. This approach allows us to capture opportunities in fragmented market segments where specialized solutions combining local processing and connectivity outperform general-purpose alternatives.

STRENGTHS

Leader in Pioneering Visual Processing AI SoCs Products and Solutions in China

We are a pioneer in the visual processing AI SoC and solutions industry. We were among the first-movers in China to engage in AI IC design and have established a strong track record of over a decade. Based on our proprietary R&D capabilities and market foresight, we deliver comprehensive visual processing solutions that integrate intelligent sensing, computing, and transmission. This integrated approach enables us to develop proprietary SoC products that precisely address customer demands across UAVs, AIoT, and smart wearables. As a result, we have achieved meaningful market recognition in several key segments. According to Frost & Sullivan, we ranked 8th in the visual processing AI SoC and solutions market, third in UAV visual processing AI SoC and solutions market, and second in the AR glasses market collectively in 2024.

By combining deep technical capabilities with early market entry, we have established leadership in this field. Our pioneering position is evidenced by multiple industry firsts. According to Frost & Sullivan, we launched the world-first:

- consumer wireless HD video transmission SoC with an effective range over 5 km in 2012;
- drone SoC and 2.4 & 5.8 GHz dual-band RF SoC in 2016;

- drone-specific application processor (supporting up to eight camera inputs) in 2018;
- 150 MHz-7 GHz full-band wireless video transmission SoC in 2023; and
- multispectral visual processing AI SoC which integrates both visible-light and infrared ISP as well as high-performance NPU and visual DSP in 2024.

Our technical expertise enables us to precisely target high-growth segments aligned with critical edge AI applications. Through partnerships with leading AI device companies, we deliver breakthrough visual solutions that transform concepts into market leading products. These industry-leading partnerships validate our position as a leader in visual processing AI SoCs and solution industry in China, as our solutions contribute to our partners' success in their respective markets.

We are dedicated to driving the innovations in the visual applications of AI SoCs. During the Track Record Period, we maintained our focus on the visual processing AI SoC and solutions market while continuously introducing innovations that redefine SoC capabilities and value. We expanded our technological lead and delivered highly competitive solutions that empower global partners to bring diverse smart hardware, robotics from concept to reality.

Well-recognized First-Mover with Strong Industry Expertise

We have established ourselves as a well-recognized first-mover through a distinctive capability: identifying and partnering with innovative customers at the early stages of emerging application categories, co-developing breakthrough solutions that enable their market leadership, and accumulating transferable expertise that positions us to capture subsequent opportunities. This repeatable pattern has made us the partner of choice for companies pioneering new markets across UAVs, AIoT and smart wearables. We have replicated this business model across thermal imaging, wireless security, and other emerging areas.

Our first-mover position is evidenced by our role in enabling industry-defining product launches. We were amongst the first to develop wireless video transmission chip with communication range exceeding five km, helping our customer become the global leader in the UAV industry. We enabled the launch of the market's first stereo vision smart robotic vacuum cleaner, establishing AI-powered visual perception as a new capability and equipping us with experience to expand into other robotics markets. We also partnered with an AR glasses company, developing custom IP modules addressing requirements across spatial computing, high-performance image distortion correction, ultra-low-latency dual-screen display with different content, biometric recognition, interface types, low power consumption, and compact packaging. This collaboration created significant competitive advantage for the customer in the emerging AR/AI glasses market, while enabling us to expand into broader smart wearables market.

These early-stage partnerships create a positive feedback loop that is difficult for competitors to replicate. By engaging with customers before market requirements are fully defined, we gain visibility into emerging technical needs that inform our product roadmaps. By co-developing solutions that enable customer success, we accumulate deep expertise across multiple application areas. This combination of early market insight and cross-domain technical capability allows us to rapidly develop customized solutions for new customers entering adjacent markets, reinforcing our first-mover advantage with each successive partnership.

Solid Technology Matrix Fueling Innovations

Leveraging our IC design capabilities, we have synergistically integrated our in-house developed proprietary across ISP, NPU and communication domains to build a solid technology matrix that fuels customer innovations. These integrated technologies provide a comprehensive foundation for constructing sophisticated visual processing AI systems, covering front-end visual perception, mid-layer processing and analysis, and back-end data transmission. This full-spectrum coverage enables us to deliver complete solutions that address complex application requirements across UAVs, AIoT, and smart wearables devices.

Our technology matrix is built on deep industry expertise and has been continuously enhanced through multiple iterations and upgrades. Centered on intelligent sensing, computing and transmission, our capabilities have evolved in line with advances in AI SoC technologies and edge-AI application requirements, enabling us to address increasingly complex and performance-intensive use cases. These three interconnected pillars form a cohesive technology foundation that supports a wide range of edge-AI applications.

- *Intelligent sensing enables innovations in complex visual environments*. As one of the very few globally that independently develop both visible-light and thermal-imaging with multi-spectral fusion capabilities, we deliver industry-leading image quality in challenging scenarios including complex outdoor lighting, backlighting, nighttime, and motion capture. Our complete one-stop sensing solutions fuel customer product innovations while creating loyalty through advanced technical capabilities.

- *Intelligent computing enables innovations in visual AI systems*. Our proprietary computing architecture integrates DSP, NPU, and computer vision accelerators to flexibly support diverse computing requirements from image enhancement and security analysis to intelligent robotics, large language model processing, and spacial computing/biometric recognition for AR systems. With energy efficiency reaching up to 12 TOPS/W (12nm process) while consuming only 30%–50% of the DDR bandwidth used by comparable solutions, we fuel customer innovations requiring high performance within strict power constraints.

- *Intelligent transmission enables innovations requiring ultra-long-distance wireless capabilities*. Our technology under typical situation supports live-image and data transmission over distances over 20 km and glass-to-glass latency under 40 ms, maintaining robust anti-interference performance even in complex industrial and air-ground integrated environments. This fuels customer innovations in applications demanding high-reliability, real-time transmission across consumer and industrial scenarios.

Together, these three pillars form a comprehensive technology matrix that enables us to deliver integrated visual processing solutions and fuel ongoing customer innovations across the full spectrum of edge-AI applications. For further technical details, see "Business – Core Technologies" in this Document.

Robust Engineering Capabilities Supported by Solid Supply Chain

Our operations are anchored by sophisticated engineering and supply chain management competencies, ensuring seamless realization and scalability of our complex SoC architectures. Operating under a fabless model, we focus on engineering capabilities in visual processing SoC design while ensuring manufacturing excellence through strategic foundry partnerships. This dual-capability approach provides us with design flexibility and process optimization capabilities.

Leveraging our engineering expertise in integrated circuit design and commitment to innovation, we enhance process technology compatibility through our proprietary technology IP. To maximize product performance, we integrate process-specific considerations directly into the initial design phase, enabling deep technical adaptation and architectural optimization. By utilizing advanced design methodologies including dynamic power and clock-domain switching alongside dynamic voltage and frequency scaling (DVFS), we optimize critical PPA metrics of our SoC designs. These techniques enhance synergy between our SoC architectures and foundry-specific processes while effectively neutralizing manufacturing-process variations. Consequently, we achieve industry-leading benchmarks in tape-out success rates, operational stability, mass-production velocity, and yield-control precision.

We ensure resilient, scalable manufacturing through strategic partnerships and rigorous quality management. Through long-term partnerships with leading foundries and packaging and testing service providers, we have established a robust dual-track supply-chain mechanism and quality management system that delivers reliable, agile, and risk-controlled product delivery. Our mastery of process node characteristics and close collaboration with premier global foundries enable stable mass production with manufacturing flexibility and process optimization. We maintain strict quality-control processes certified under ISO quality management systems, safeguarding customer interests at every stage from design to delivery.

Strong Management and R&D Team with Deep Industry Roots

We have a strong management team with a unique combination of strategic foresight, deep industry expertise and a global perspective. With over a decade of specialized experience in the IC sector, our founders have demonstrated a proven track record bringing innovative technology to market. Our leadership team possesses two decades of experience in product development from product formation to commercialization scaling, which we believe is unparalleled in the domestic semiconductor sector. Under our senior management's leadership, we have built a solid corporate philosophy focused on identifying fundamental customer needs and resolving the core technological bottlenecks that impede application breakthroughs. As the edge-AI market accelerates, we are strategically positioned to capitalize on emerging opportunities in intelligent computing, driving rapid growth and establishing a leadership position in the global IC industry.

We maintain a strategic focus on innovation, driven by a dedicated R&D team. Our R&D team comprises experienced professionals from various technical disciplines including IC design, software engineering and artificial intelligence, fostering a collaborative and forward-thinking environment. As of September 30, 2025, R&D personnel account for 69.8% of our total staff, many of whom are semiconductor experts with deep technical expertise in innovation. As of the Latest Practicable Date, our team's continuous innovation has secured an extensive global portfolio of 21 patents and seven pending applications. This intellectual property spans the entire visual processing AI SoC and video transmission SoC value chain, including image processing, wireless communication, and hardware acceleration technologies, safeguarding our full-stack technological leadership and reinforcing our commitment to driving industry standards.

We are proud to be a core-technology innovator, dedicated to building a lean, high-performance team characterized by an entrepreneurial spirit and technical excellence. By maintaining an agile organizational structure and integrating cross-disciplinary technologies internally, we delivered comprehensive SoCs and solutions that drive deep customer engagement and long-term loyalty, which we believe shall continue to pillar our success.

STRATEGIES

Enhancing Market Leadership through Continuous Product Iterations and SoC Product Portfolio Upgrade

In markets where we have already achieved commercial success, we will continue to accelerate product iteration to maintain leadership and capture growth opportunities. Our product iteration is not limited to hardware upgrades, it is supported by a vertically integrated full-stack capability spanning chip design, software development kits, scenario-optimized algorithms and dedicated engineering support, enabling faster iteration and shorter customer time-to-market. We intend to focus our next-generation product innovation and upgrades our visual processing AI SoCs, AI application processor and wireless video transmission SoCs from the following aspects:

- **AI performance enhancement**. We are developing a next-generation NPU core designed to optimize instruction sets, maximize compute density, and enhance energy efficiency for large-model execution. Our architecture is projected to increase AI performance and efficiency while maintaining seamless support for both CNNs and large-scale models. This makes our technology uniquely suited for multimodal systems and emerging applications, such as robotics and embodied intelligence, that require high-performance integration of diverse AI algorithms.

- **ISP enhancement**. Building on our established expertise in ISP, we intend to further enhance our capabilities on low-light, motion and other complex scenarios, ensuring advanced image and video clarity. By integrating project-proven DSP and AI algorithms into dedicated IP cores, we are significantly optimizing performance while reducing both power consumption and overall system costs. These advancements directly improve critical functions such as low-light imaging, motion stabilization, fusion imaging, and 3D sensing. Furthermore, by refining our on-SoC and off-SoC memory allocation, we provide the flexibility to meet high-resolution demands without compromising low-power requirements.

- **Extended communication range and quality**. Building on our proven long-range wireless video transmission technologies and anti-interference communication architecture, we intend to adopt advanced communication technologies, such as beamforming, to increase communication range by more than 50% while maintaining constant transmission power levels. These enhancements are expected to materially improve transmission coverage and stability while maintaining constant transmission power levels, reinforcing our competitive position in intelligent UAVs and industrial AIoT applications that require reliable long-distance, low-latency communication.

- **Low-power optimization**. To address the accelerating demand for low-power smart wearables, we intend to implement a comprehensive, fine-grained power management strategy across IP design, SoC architecture, and memory optimization. By leveraging advanced process nodes and refined circuit design techniques, we aim to reduce SoC power consumption by over 50% for power-sensitive wearable applications. Additionally, our architecture supports both high-performance DRAM and low-power external memory, providing flexibility to significantly lower system costs and power requirements.

Advancing Frontier Technologies with Strategic Partners

Building on our vertically integrated full-stack capabilities, we intend to collaborate closely with strategic industry partners to translate frontier technologies into commercially viable SoC solutions. Leveraging our proven expertise in multi-core heterogeneous architectures and near-memory-computing SoC designs, we intend to enhance collaborations with AI industry partners to pioneer emerging architectures, including PIM and RISC-V. By addressing memory bandwidth limitations, we aim to deliver powerful, energy-efficient computing solutions, enabling reliable multimodal large-model inference for advanced edge applications such as embodied intelligence.

In parallel, we strive to continue to work closely with AI algorithm developers to strengthen system-level optimization between hardware architectures and mainstream AI models. These efforts will reduce reliance on costly high-bandwidth memory SoCs, facilitating the widespread deployment of AI models across intelligent terminals. Additionally, this approach allows us to cultivate a more mature AI development ecosystem while maintaining our technological leadership in the industry.

Exploring Diverse Growth Paths in Partnership with Industry Leaders in Multiple Product Areas

Building on our close partnerships with innovative industry leaders, we intend to further deliver scenario-driven visual processing AI SoC products and solutions that address diverse and specialized application requirements. Rather than generic solutions, we intend to remain focused on developing differentiated, application-specific products that evolve alongside our customers' innovation trajectories, enabling sustained mutual growth.

- In terms of application expansion, in the intelligent UAV sector, we intend to grow within industrial and enterprise segments while reinforcing our established position in the mid-to-high-end consumer market. Within the AIoT space, we are penetrating emerging categories such as ultra-portable cameras and educational robotics. While for smart wearable products, building on our success in AR/AI glasses, we intend to scale our smart wearable portfolio to include smart audio, smart watches, and other connected devices. In parallel, leveraging our

existing technical foundation in intelligent sensing, computing and transmission, we intend to selectively explore advanced intelligent scenarios, including embodied intelligence and on-device AI inference.

- In terms of customer base expansion, we intend to target broader markets and tap into terminal device volumes in the tens of millions. We strive to expand our high-value customer base by entering the supply chains of major mobile device brands. By providing high-performance visual processing AI SoCs, we aim to support the rapid growth of their smartphone-adjacent product ecosystems and be a core supplier in their next-generation products.

Exploring Investment and Acquisition Opportunities

In line with our focus on existing product lines and core application areas, we intend to selectively pursue investment and acquisition opportunities on both a domestic and international basis that enhance our visual processing AI SoC full-stack capabilities. Our approach emphasizes strategic fit and technological synergy rather than scale expansion, with the objective of strengthening our integrated solutions across UAVs, AIoT and smart wearables applications.

We will focus on high-quality targets with differentiated technologies that can complement our existing technological matrix or address specific capability gaps, particularly in areas adjacent to our core strengths in intelligent sensing, computing and transmission. Potential investment or acquisition targets, whether located in China, will be evaluated based on their technological capabilities, operational and financial soundness, and alignment with our long-term strategic direction.

Following any investment or acquisition, we intend to integrate relevant technologies, intellectual property and talent into our existing platform, and leverage our established supply chain and go-to-market capabilities to support commercialization, thereby driving synergistic growth and enhancing our overall competitiveness.

Expanding Overseas to Building a World-Class Brand

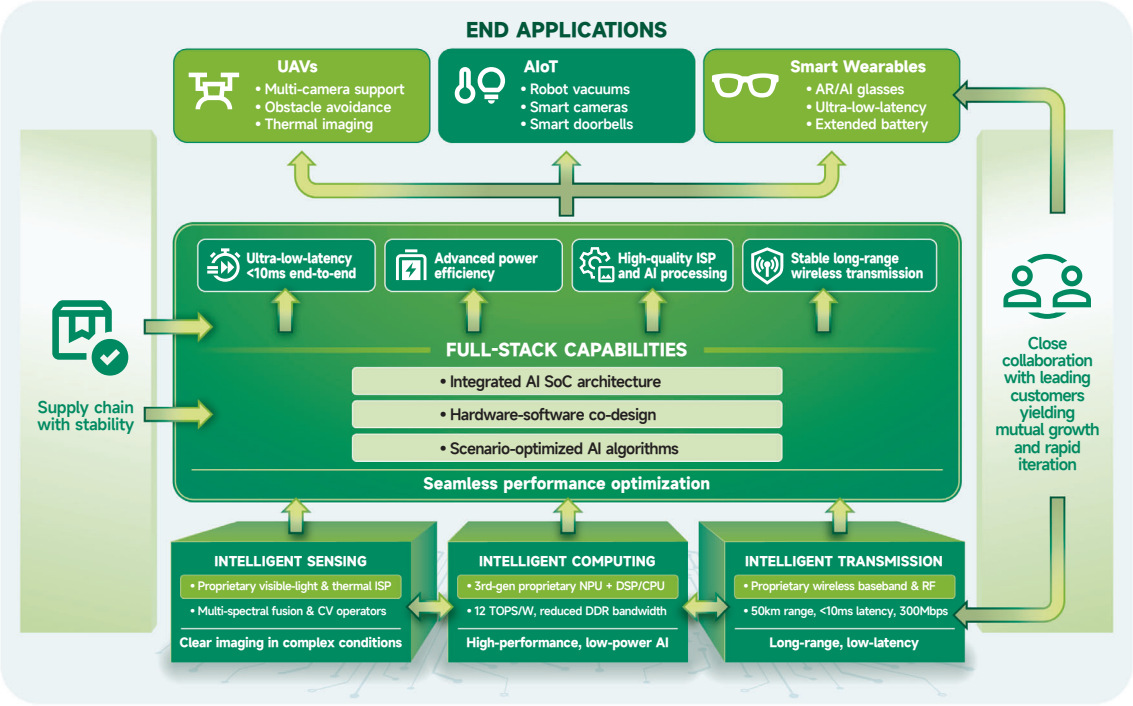
Drawing on our established success, we recognize that global expansion is a key driver for diversified growth. We intend to build strategic codevelopment partnerships with leading international clients, integrating global resources into a unified, complementary technology network. To support this, we intend to establish overseas application and technology centers to accurately capture regional market requirements and emerging technological trends. These hubs will facilitate efficient cross-border technology transfer, allowing us to advance our globalization strategy and strengthen our influence in the global marketplace.

OUR BUSINESS MODEL

Overview

We are a leading visual processing AI SoC supplier in China with integrated solution capabilities. We operate under a fabless business model, focusing on the research and development, design and sales of AI SoC products and solutions. We provide integrated solutions centered on visual processing AI SoCs and wireless video transmission SoCs. Our offerings combine IC design, software toolkits, scenario-optimized algorithms and engineering support, enabling customers to shorten development cycles and accelerate time-to-market in rapidly evolving AI application environments. By addressing the mismatch between long chip iteration cycles and fast-evolving software and AI applications, our full-stack approach allows customers to utilize our proprietary IPs and more efficiently incorporate new application requirements.

The following diagram illustrates our business model.



Guided by market insights, we empower customers in UAVs, AIoT and smart wearables with visual processing solutions devise to address their product needs. To support these applications, we have established a comprehensive technical framework built around the integration of intelligent sensing, computing and transmission. Based on these core capabilities, we deliver SoCs and solutions that integrate proprietary ISP, NPU and wireless transmission technologies, supported by strong hardware-software co-design capabilities and end-to-end IC design expertise.

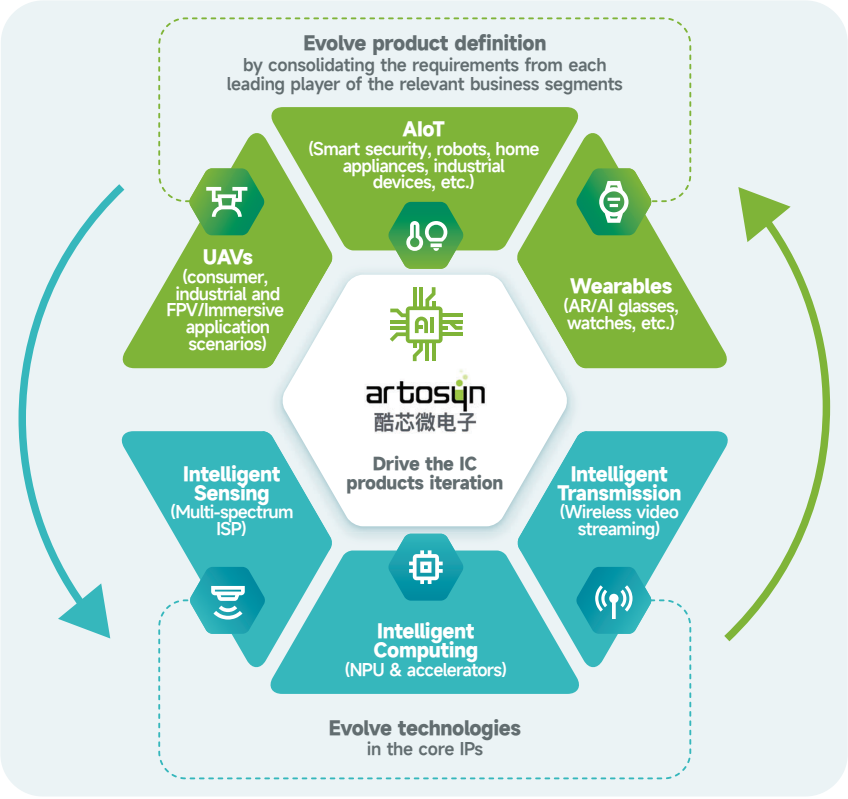
Fabless Model

We adopt a fabless model that allows us to focus on in-house R&D while controlling the entire process from design and manufacturing to packaging, testing and sales of finished goods through our internal control. Leverage our R&D and full-stack technical capabilities, we focus on the SoC design. We engage foundries for the production of our wafer and packaging and testing suppliers for packaging and testing. See " – Our Suppliers – Procurement and Manufacturing" in this section.

Value Proposition

We facilitate customer product innovation by implementing forward-looking and differentiated product specifications, underpinned by a comprehensive portfolio of proprietary IPs that afford us a distinct competitive advantage. This product defining capability fundamentally distinguishes us from our peers. As such, we were able to build a proven track record of world-first innovations that have empowered industry leaders to achieve market leadership in their respective segments.

The following diagram illustrates our value proposition.



As a market pioneer, we continuously empower technological innovations and contribute to the success of our customers through early-stage product defining. Leveraging deep market insights, close collaborations with industry-leading customers and solid technical capabilities, we discover new application scenarios, assess critical performance metrics and technical requirements and advise customers on their product designs. By discovering and converting customer requirements to forward-looking product defining, we actively capture market opportunities ahead of demand surges, transitioning from a traditional component supplier to a strategic partner. Moreover, we deliver more than standalone hardware. We provide a vertically integrated solution encompassing chip design, software development kits, scenario-optimized algorithms and dedicated engineering support. The full-stack capabilities across hardware and software ease our customers' efforts to resolve increasing R&D complexity, thereby accelerating products' time-to-market while facilitating.

Our strategic product defining capability is underscored by a track record of introducing industry-first SoC products since our inception. In particular, we have achieved the following:

- The 2012 introduction of our world-first consumer wireless HD video transmission SoC with an effective range over 5 km by far extended the video communication range of UAVs beyond the traditional range of Wi-Fi networks.

- The 2016 introduction of a complete wireless video transmission solution further enhanced UAVs' wireless transmission capabilities by integrating a dual-band 2.4 & 5.8 GHz RF chip, ensuring stable ant interference signal transmission in complex environments. Consequently, we empowered a UAV customer to secure first-mover advantages in the market.

- The 2018 introduction of the world's first intelligent UAV main-control SoCs supporting up to eight camera interfaces, empowered UAVs with panorama capabilities. Our customers were thus able to upgrade their products and launch market-leading UAV products, further evolving into world-class UAV providers.

During the Track Record Period, we continued to empower technological innovations of our customers through product defining in multiple application areas. In particular, we have achieved the following:

- The 2023 introduction of our world-first 150 MHz-7 GHz full-band wireless video transmission SoC ensured mission-critical video stability in congested wireless environments, enabling our customers to deploy smart devices across consumer and industrial application scenarios.

- The 2024 introduction of our world-first multispectral visual AI SoCs equipped smart devices with perception beyond the human visible spectrum and on-device processing, empower customers' product innovations across the UAV, AIoT and smart wearables markets.

Our product defining capability is underpinned by a comprehensive portfolio of proprietary IPs including:

- intelligent sensing for high-accuracy multi-spectral and thermal imaging;
- intelligent computing for high-performance and low-power processing via our in-house NPU; and
- intelligent transmission for long-range, low-latency, and anti-interference connectivity.

We enable industry leaders to overcome technical barriers by offering market-leading SoC products and IC designs to solve technical bottlenecks. See "— Our Core Technologies" in this section.

OUR PRODUCTS AND SOLUTIONS

We have established a solid market position in the visual processing AI SoC and solutions market. Featured with computing efficiency, optimal energy consumption and reliability, our products drive innovations in various consumer and industrial application scenarios. We target fast growing markets including the low-altitude economy, intelligent vision, and high-volume consumer devices, with a current strategic focus on UAVs, AIoT and smart wearables, as well as planned future expansion into more wearable devices and on-device inference applications.

SoC Products

We provide visual processing AI SoC and wireless video transmission SoC products, forming an integrated technology-to-application ecosystem that supports intelligent on-device computing and reliable long-range data transmission:

- **One-stop product portfolio.** We offer a one-stop, end-to-end product portfolio centered on visual processing AI SoCs and wireless video transmission SoCs, covering the full visual data chain from image perception and on-device processing to wireless video transmission. Our visual processing AI SoC products integrate high-quality visible-light imaging, AI-enhanced thermal sensing and on-device edge inference capabilities. In parallel, our wireless video transmission SoC products provide long-range, ultra-low-latency and interference-resilient communication and are designed within SWaP-optimized system architectures. Together, these products form a cohesive and scalable hardware foundation for visual AI applications.

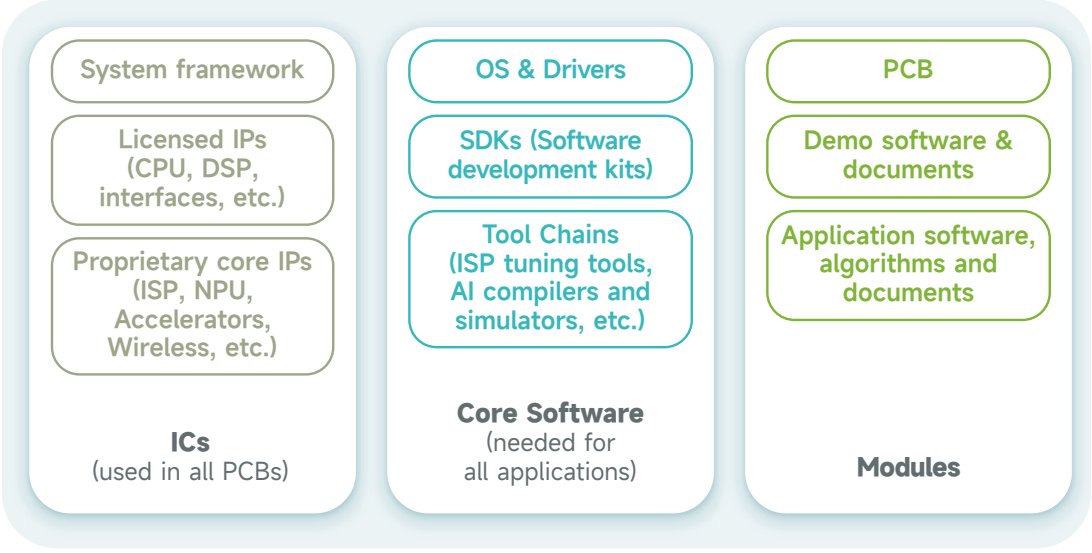
- **Cross-scenario coverage.** In contrast to centralized cloud-based AI, edge AI applications are characterized by fragmented demand and scenario-specific requirements, making application-driven deployment a key success factor for visual processing SoC providers. Leveraging close collaboration with industry partners, we identify emerging application needs and deploy our SoC products across a broad range of end-use scenarios. Our solutions are applied in diverse applications including UAVs, robotic vacuum cleaners, AR/AI glasses, high-precision gimbal cameras and industrial thermal imaging devices. This cross-scenario capability demonstrates the versatility, scalability and market adaptability of our SoC products and increase the life cycle and utility our products significantly.

SoC Solutions

We strategically adopted an integrated hardware and software architecture to expedite market entry and drive long-term customer retention. We establish deep partnership with industry leaders by providing comprehensive one-stop SoC solutions that encompass SoCs, modular products and software such as Art. Galaxy AI toolchain. This synergistic multi-layer infrastructure constructs a formidable entry barrier for competitors and solidifies our role as an indispensable innovation partner for smart device applications.

Our SoC platforms are underpinned by a proprietary software stack, including specialized OS and drivers, SDKs and a suite of development tools for ISP tuning, AI compilation and simulation. These proprietary tools seamlessly integrate complex algorithms to optimize on-device functionality, delivering critical visual processing and video transmission features our customers require. Built upon more than a decade of collaboration with well-established smart device providers in China, our framework facilitates end-to-end technical consultancy, ensuring peak performance for diverse end-use scenarios.

The following diagram illustrates our SoC solutions featuring hardware and software co-design.



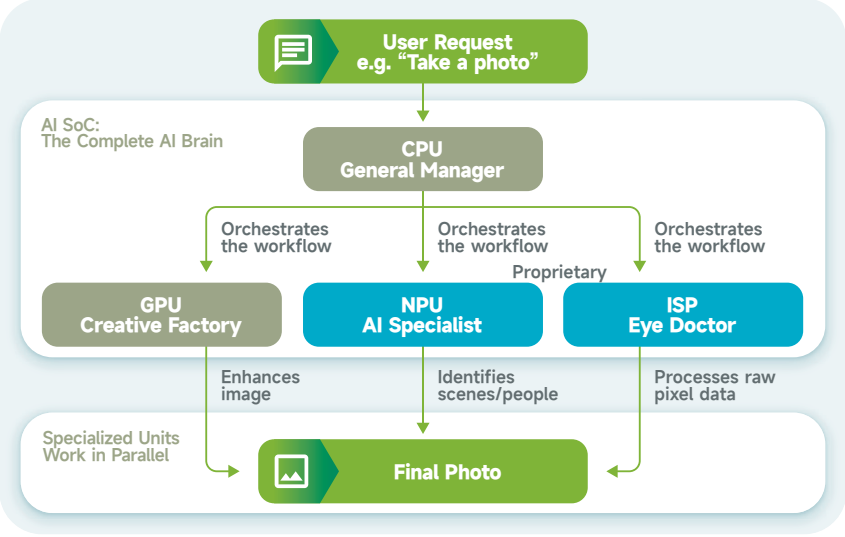
In addition to offering visual processing AI SoC products and solutions for strategic customers, we offer proprietary algorithms design and technology services to aid our customers' product development, encompassing production line configuration and maintenance protocol development. We also selectively grant strategic customers with access to our proprietary IPs and software or integrate custom-tailored modules into our SoCs to facilitate deep collaboration and system-level integration. In particular, for AI enabled smart devices, we also offer model training aligned with customer objectives.

UAVs

UAV applications require SoC solutions with high performance, efficiency and reliability. High performance requires high-quality real-time visual capture and processing, on-device AI inference for intelligent vision functions, multi-spectral imaging capabilities for complex environments, and image quality enhancement specifically for dynamic flight scenarios. Efficiency requires low power consumption suitable for portable UAVs and reliability requires reliable system integration and data transmission capabilities.

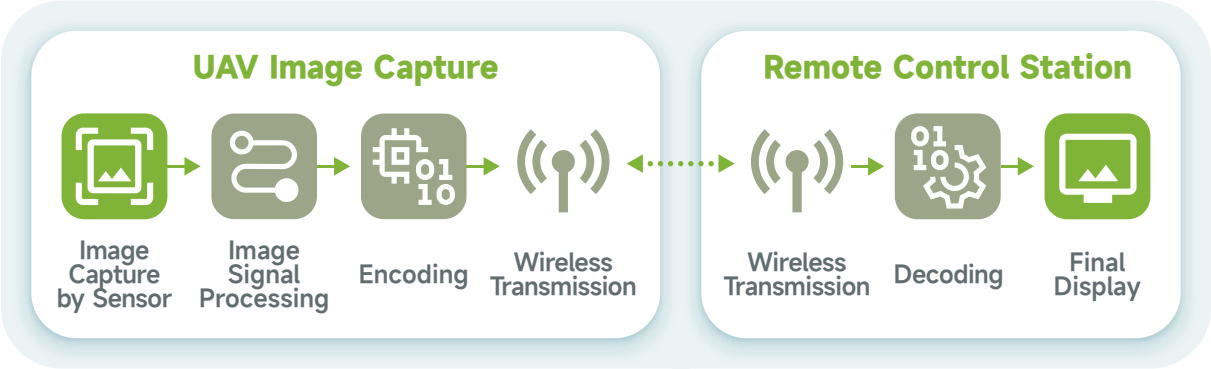
We provide visual processing AI SoC and wireless video transmission SoC products and solutions for UAV applications. We enable UAVs with core functions including picturing and recording, obstacle avoidance and collision prevention, navigation, and target recognition and tracking, as well as low-latency and high-stability video transmission. Our visual processing AI SoC products integrate multiple processing components, including technology IP across NPU and ISP, and are optimized for multimedia imaging and on-device AI workloads in UAV systems. Our latest visual processing AI SoC integrates the technology IP of multi-core high-performance NPU suitable for AI inference, and dedicated vision accelerators supporting advanced vision-related functions.

The following diagram illustrates the application of our visual processing AI SoCs.



To support end-to-end UAV visual data processing and transmission, we also provide dedicated video transmission SoCs that handle encoding, modulation and stable transmission of image and video data. These video transmission SoCs enable long-distance, low-latency and anti-interference communication through protocol optimization and interference mitigation, while reducing reliance on external components and supporting reliable data transmission in UAV applications.

The following diagram illustrates the application of our video transmission SoCs.



Moreover, rather than offering isolated SoCs and modules, our solutions integrated software tools that emphasize system-level integration and scenario-driven optimization, enabling UAV manufacturers to shorten development cycles, reduce system complexity and enhance overall flight and imaging performance across both consumer and industrial use cases.

Product and solution advantages

Our product and solution advantages in UAV applications are built around the integrated optimization of visual sensing, on-device AI computing and wireless transmission. By deeply integrating visual processing AI SoCs, wireless video transmission technologies and FPV display systems, we are able to address key UAV requirements including multi-spectral imaging in low visibility environment, thermal imaging, low-latency end-to-end transmission, energy-efficient operation and reliable performance in complex environments.

The key advantages of our product and solution supporting the above capabilities are summarized in the table below.

Key advantages of our products and solutions	**Description**
Multi-spectral and multi-modal intelligent sensing	Proprietary AI ISP that integrates deep learning models to enable adaptive image quality enhancement and supports both visible-light and infrared thermal imaging, enabling reliable visual perception and target recognition under complex conditions, such as motion-intensive scenes and outdoor lighting, backlit, nighttime and low-visibility environments.
High-performance on-device AI computing	Proprietary high-performance NPU and dedicated vision accelerators, supporting real-time edge AI inference, reducing reliance on cloud computing and supporting super-resolution, noise reduction and video enhancement with optimal energy efficiency.
Low-latency end-to-end visual pipeline	Optimized integration of image capture, visual processing, AI inference and transmission enables near-real-time synchronization from sensing to display, which is critical for precise control and FPV applications.

Key advantages of our products and solutions	Description
Energy-efficient design for UAVs	Close coordination between the AI ISP and the NPU delivers real-time intelligent processing under strict power constraints, supporting cost-effective portable edge AI deployment for UAVs.
Integrated transmission and FPV experience	Proprietary wireless video transmission technology delivers stable, interference-resilient and low-latency communication, enabling immersive and responsive FPV experiences through compatible AR/AI glasses and display systems.
One-stop integrated UAV solution	Seamless integration of sensing, computing and transmission functions within our SoC solutions reduces system complexity, shortens development cycles and lowers overall integration and deployment costs for customers.

Together, these product and solution advantages enable us to provide comprehensive, high-performance and energy-efficient UAV solutions that address diverse use cases across consumer-grade and industrial UAV applications, positioning us as a competitive and trusted technology partner within the UAV ecosystem. Moreover, our products and solutions seamlessly integrated AI-powered visual capabilities, which include intelligent subject tracking, dynamic flight pathing, and multi-sensor obstacle avoidance. The following table demonstrates the advantages of our product and solution applications in various scenarios.

Type	Primary Applications	Core Intelligent Features
Consumer	Aerial photography, recreational flight, and high-fidelity content creation.	**Auto-Follow:** Precise, hands-free tracking of moving subjects. **Orbit Flight:** Automated circular trajectories for dynamic cinematic footage.
Industrial	Infrastructure inspection, surveying, search and rescue (SAR), and precision agriculture.	**Obstacle Avoidance:** Multi-sensor fusion for real-time barrier navigation and mission continuity. **Mission-Critical Stability:** High-resolution capture in challenging environmental conditions.
FPV/Immersive	Professional racing, specialized inspections, and immersive visual monitoring.	**Ultra-Low Latency:** Near-real-time synchronization between visual capture and AR/VR HMD. **Real-Time Data Overlay:** Intuitive visual interaction for enhanced operational efficiency.

Featured Products

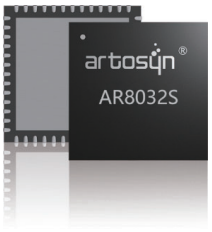
Our latest visual processing AI SoCs integrate multiple processing components including the technology IP of NPU and ISP and optimized multimedia imaging processing with AI capabilities. Our SoCs integrate an proprietary 8TOPS NPU ideal for AI tasks and a dedicated vision accelerator fully supporting functions including optical flow. Our visual processing AI SoC also offers extensive multi-spectral sensor capabilities, allowing direct interfacing with full-resolution thermal imaging detectors and enabling AI-powered visible light-thermal fusion. Moreover, designed for energy efficiency, our visual processing AI SoC operates within a 0.65V to 1.0V range with a typical power draw of three to four watts, and as little as one watt in certain scenarios. The design thus delivers ideal visual processing AI SoC products and solutions for portable and power-constrained devices.

The following table sets forth the details of our latest visual processing AI SoC for the UAV market.

Product	Picture	Key Performance Parameters
AR9481		• Quad-CPU, single-DSP, low-power RISC-V MCU • Integrated NPU delivering up to 8 TOPS, enabling smooth execution of NLP and large-scale visual models • Video processing capability up to 4K at 60 frames per second • Built-in high-definition thermal and visible light AI ISP • Built-in computing vision accelerators tailored for UAV, AIoT, and smart wearable applications

Our latest wireless video transmission SoC consolidates all essential components for wireless connectivity and computing onto a single chip. Our wireless transmission SoC is featured by advantages in wireless transmission range and anti-interference capability surrounding (i) advanced SoC Bus and architecture design, (ii) optimization of data movement and (iii) buffering and pipelined parallel processing across ISP, codec and communication modules, with supporting coverage achieving a spectrum from 150MHz to 7GHz and extended the transmission range of over 20 km, meeting global application requirements across various industries. Our SoC includes the technology IP of power management units and wireless transceivers. By integrating these elements, our wireless communication SoCs enable compact, power-efficient and cost-effective designs for UAVs, allowing them to perform complex communication tasks and local data processing without requiring multiple discrete components. Moreover, compared with traditional Wi-Fi or Bluetooth based wireless communication SoC, we leverage the TDD principle and key technologies such as OFDM and MIMO, significantly enhance spectrum utilization of SoCs.

The following table sets forth the details of our latest wireless video transmission SoC for UAVs.

Product	Picture	Key Performance Parameters
AR8032S		• Frequency Range: 150 Megahertz–7 Gigahertz • RF Channel Bandwidth: 5/10/20/40 Megahertz • Typical Communication Range: over 20 km at 5.8 Gigahertz • Peak Data Throughput: 160 Megabits per second • Supported Network Modes: Point-to-Point, Point-to-Multipoint and Mesh Networking

Case Study

We collaborated with an intelligent agriculture solution provider in providing agricultural UAVs with water-saving irrigation and integrated water-fertilizer functionalities. The UAVs were engineered for precision farming applications, specifically combining operational capabilities for spraying, sowing, and lifting tasks. The system of agricultural UAVs was therefore designed to enhance operational efficiency in agricultural contexts.

As a key component for the UAV's visual system, our wireless video transmission SoCs extended the UAVs point-to-point transmission distance. In particular, our wireless transmission SoC facilitates robust video transmission, ensuring exceptional data link stability and reliable image reception within complex operational environments. The resulting enhancement in air-to-ground collaborative efficiency elevates the effectiveness of modern agricultural practices.

Through sensor fusion mechanism, our visual processing AI SoCs process the visual data collected by the incorporated millimeter-wave radar and precisely identify and classify objects detected, facilitating real-time environmental awareness. In particular, we enhance the performance of agricultural UAVs from the following aspects:

- **Obstacle Detection and Avoidance.** The UAV maintains constant tracking despite weather conditions and the visual data collected are processed by our visual processing AI SoCs, which integrated proprietary ISP that is capable of enhancing image qualities in low visibility environments through AI features. Through processing, our visual processing AI SoCs enable the agricultural UAVs to autonomously identify both static and dynamic obstructions encountered during the flight including utility poles, overhead power lines and tree lines. Upon detection, the integrated flight management system initiates automated safety protocols, which may include programmed deceleration, hovering, or execution of a predefined bypass maneuver. This functionality mitigates the risk of mid-air collisions.

- **Obstacle Circumvention.** Our visual processing AI SoCs fuse the environment parameters detected and create a precise map of the environment, enabling the UAV system to plan the dynamic re-routing of the flight path and maneuver safely around identified obstructions before resuming the pre-planned operational route. This allows the agricultural UAVs to maintain a consistent spray over complex, multi-layered foliage.

- **Terrain Adaptation and Following.** Our wireless video transmission SoCs ensure timely input of the information, which allows the autopilot system to adjust the UAV altitude automatically. This ensures consistent flight height and uniform application rates over uneven, undulating, or sloped terrain, thereby enhancing operational precision.

The following picture demonstrates an agricultural UAV in use.

AIoT

In the AIoT market, we offer AI enabled SoC products and solutions for various applications, ensuring smooth transmission and on-device visual processing. In particular, we provide visual processing AI SoC and wireless video transmission SoC products and solutions to achieve high definition, real-time and long-distance visual transmission, further integrated visual intelligence across consumer, enterprise and industrial application scenarios.

Our visual processing AI SoC products are widely used by various smart devices in the AIoT area, such as action cameras, robot vacuums, smart cameras and smart doorbells. With strong IC design capabilities, we provide visual processing AI SoC products and services in various application scenarios. In particular, we improve the functions of action cameras with visible light sensing, intelligent target tracking and multi-spectral capabilities. We also enable robot vacuums with functions such as precision obstacle avoidance and efficient on-device processing. In particular, we enhance the performance of smart devices in the AIoT devices from the following aspects:

- **Visible light capabilities.** With ISP technology, we provide visual processing AI SoC engineered for low-light environments, enabling action cameras with real-time obstacle recognition ability to identify and categorize objects with millimeter precision and dynamic path planning functionalities in real environments.

- **Intelligent target tracking with low-latency.** Utilizing proprietary NPU technologies, we enable smart devices with strong on-device computing capabilities. Smart devices are therefore able to process sensitive visual devices with privacy and instantaneously react to moving objects without cloud lag.

- **Thermal imaging integration.** Integrated three core technologies, we enable smart devices with thermal imaging capabilities to fuse visible light with infrared data, expanding smart device application scenarios to include such as wild life observation for action cameras.

Moreover, leveraging IC architectures for intelligent transmission, we optimized power consumption for on-device AI processing. Our SoC products and solutions provide stable wireless connections for home security cameras while optimizing power consumption and enable robotic vacuums with obstacle avoidance sensing and surface-aware decision-making capabilities.

Featured Products

AR9481 and ARS31 feature our latest models of visual processing AI SoC products and AR8032S features our latest model of wireless video transmission SoC in the AIoT market. See "– Our Product and Solution Applications – UAVs – Latest Progress" in this section for details on AR9481 visual processing AI SoC and AR8032S wireless video transmission SoC.

The following table sets forth the details of our ARS31 visual processing AI SoC products.

Products	**Picture**	**Key Performance Parameters**
ARS31		• Multi-channel video-in up to 5-megapixel • 2TOPS computing • Built-in thermal and visible light AI ISP • SiP (System-in-Package) of an application Processor and 2Gb DDR memory

Case Study

Leveraging our intelligent transmission our proprietary IP, we provided wireless video transmission SoC solutions to a wireless HD video transmission device provider. Our SoCs elevated the device's functionality by allowing production teams to monitor two camera feeds simultaneously with perfect synchronization.

The solution also delivers stable transmission, ensuring real-time monitoring critical for professional film production and live broadcasting. The SoC adaptively performs rapid frequency hopping and dynamically adjusts modulation strategies in complex, high-interference environments and

the built-in AI image quality enhancement further increase the value of our solutions. This integration provides a streamlined, "plug-and-play" workflow for multi-camera setups, effectively eliminating the need for excessive cabling on set.

As such, we further support the customer's product innovations in the following aspects:

- **Professional film and television production.** Our SoCs enable smart devices to monitor multiple camera angles simultaneously from a single receiver. The low-latency transmission capability of our SoCs is critical for precision tasks like real-time focus pulling and gimbal coordination, while its long range transmission capability of our SoCs ensures reliable performance on expansive outdoor sets where traditional cabling is impractical.

- **Live event broadcasting.** The smart device provides the stability and mobility required for high-stakes environments such as sports arenas and news reporting. The integration of our SoC products allows for intelligent frequency hopping, ensuring that video feeds remain smooth and interference-free even in RF-congested venues. This makes it an ideal solution for multi-camera live streams, house of worship services, and large-scale corporate product launches.

- **Specialized production workflows,** including high-speed vehicle-to-vehicle filming and virtual production (VP) studios. The smart device's robust signal integrity maintains a constant link between chase cars and camera rigs over long distances, while its "plug-and-play" design allows for rapid integration into complex LED volume environments. The dual-interface support for HDMI and SDI further ensures compatibility with a wide range of professional cinema and mirrorless camera systems.

- **Enterprise and industrial applications.** Our products and solutions facilitate high-definition visual monitoring across vast distances. In large-scale convention centers or industrial sites, it transmits clean video signals to massive LED walls or remote command centers without the need for extensive infrastructure. Its reliability also makes it a valuable tool for emergency response and remote visual inspections in zones where physical access is restricted or hazardous.

Smart Wearables

We offer visual processing AI SoC products and solutions for smart wearables applications, mainly for the use of AR/AI glasses, enhancing photography, AR display and video viewing capabilities while achieving high power efficiency. Leveraging our advanced technical capabilities, we have developed core proprietary technology IPs that enable differentiated system-level performance in AR/AI glasses.

Our SoC products and solutions are designed to deliver high-quality video processing and support on-device 3DoF spatial computation. We specialize in AR and spatial computing architectures, focusing on the integration of key components with high-performance perception and computing capabilities to achieve efficient, real-time visual processing within compact and power-constrained form factors. By focusing early on use cases and collaborating closely with leading customers, we continuously refine our

SoC architecture and IP designs to address complex application requirements. Specifically, our comprehensive SoC products and solutions address four critical functions of smart wearables:

- **Immersive Video Viewing.** As the foundation of our strategic business layout, we offer a competitive suite of features, including terminal-level 2D-to-3D conversion, which provides immersive 3D experiences without the need for specialized content.

- **Photography.** Our SoC computing capabilities enable solid video processing, delivering high-definition clarity across diverse and complex lighting environments.

- **AR Display.** we facilitate seamless image translation and virtual overlays, enabling the real-time integration of digital data with physical environments to improve interaction and information efficiency.

- **Multiple interfaces.** Engineered for high-performance smart wearable devices, our visual processing AI SoC products leverage interfaces including Display Port 1.4 and USB 3.0 to ensure connectivity.

Product and Solution Advantages

Our diverse application capabilities are underpinned by three core technologies, with a focus on enhance image quality while achieving low power consumption. We deliver visual processing AI SoCs products with high intelligent computing efficiency, according to Frost & Sullivan. Our dedicated ISP and NPU ensure smooth operation for demanding tasks like image processing, AR rendering, and 2D-to-3D conversion, ideal for high-quality photography and video viewing experiences on portable devices. Moreover, our SoC products offer superior power consumption performance in the market, according to Frost & Sullivan. This low power consumption product capability enhances the overall user experience for smart devices including AR/AI glasses. In particular, we accumulated over a decade of dedicated R&D in the field of ISP. Our ISP technologies have been highly optimized for specialized applications including high-end cinematography and AR glasses.

Featured Products

ARS45 features our latest visual processing AI SoC in the smart wearables market.

Product	Picture	Key Performance Parameters
ARS45		• SiP (System-in-Package) of AR9481[(1)] SoC and 4Gb DDR memory • 10mm x 8mm tiny package suitable • Cost and size-sensitive replacement for AR9481

Note:

(1) For more details on the key performance parameters of AR9481, please see " — Our Product and Solution — UAVs — Featured Products."

Case Study

We collaborated with a smart wearable company in providing consumer grade AR glasses. We delivered visual processing AI SoC products and solutions to enhance real-time image processing, on-device computing and under 10 millisecond low-latency data transmission functionalities that are essential for AR glasses. The AR glasses are designed to offer immersive cinematic experiences with the goal of innovating the future of entertainment.

Our visual processing AI SoCs focus on image recognition accuracy, realistic virtual rendering and intelligent interactive experiences. In particular, we enhance the performance of the AR glasses from the following aspects:

- **Display Optimization.** The visual processing AI SoCs also offered a maximum 120Hz refresh rate and 1080P binocular resolution, delivering fluid visuals essential for mitigating motion sickness and ensuring a highly immersive user experience. Moreover, a robust data rate guarantees efficient transmission of high-fidelity visual data, underpinning our SoCs' ability to support demanding computational and media consumption tasks.

- **3DoF Spatial Computing.** Our SoCs support on-device computing. The stability of the visual effects effectively mitigated motion sickness discomfort, ensuring an immersive, true-to-life user experience.

- **Optimal Energy Consumption.** Our SoCs minimize power consumption and integrate core components including NPU and ISP, further optimized for AR glasses that require lightweight frameworks.

- **Low Latency transmission**. Our SoCs achieve low latency of 3ms, which optimizes the time it takes for the display to update after a user moves. This improvement is accomplished by optimizing the data processing path to just three signal processing nodes and two transmission paths, while simultaneously increasing the image correction frequency by splitting each frame into multiple rows for real-time, row-by-row compensation and display.

The following picture demonstrates the user scenario for AR glasses equipped with our visual processing AI SoCs.

CORE TECHNOLOGIES

Overview

We translate advanced R&D in imaging, artificial intelligence and communications into robust solutions, creating a distinct market advantage in the highly competitive chip industry. These competencies are driven by our focus on innovation and continuous improvement in visual processing, computing and transmission capabilities. As of the Latest Practicable Date, we had 21 image processing and transmission related patents, including thermal imaging related invention related patents, 14 integrated circuit layout design registrations, 14 software copyrights, 11 registered trademarks, and six registered domain names in China.

We possess three interconnected core capabilities designed for SoC solutions, namely: intelligent sensing, computing and transmission. Intelligent sensing utilizes a proprietary ISP to perform visual processing and intelligent analysis on sensor data. We then handle the processed data with the intelligent computing component, which uses an optimized and power efficient AI processor for advanced intelligent computing. With intelligent transmission capability, we then ensure the efficient and reliable output of the information through an optimized internal signal chain that reduces data latency, utilizing a proprietary wireless transmission SoC for real-time data transfer. From sensing and capturing the physical environment, to processing collected visual data, and to transferring digital data to and from devices, these three functions work in concert to deliver an integrated, efficient visual processing and transmission solution for smart device products.

The following diagram illustrates our three core technologies used in various scenarios.

Intelligent Sensing Achieved by AI ISP Technology for Thermal Imaging and Visible Light

Our ISP technologies for visible light and infrared thermal imaging form the technical foundation of our intelligent sensing capabilities, defining how visual information is acquired, processed and optimized at the front end of AI visual systems. Through ISP-level processing, our technologies support the acquisition, processing and optimization of visual information at the front end of AI visual systems, enabling high-quality visual outputs under various lighting conditions and complex environments.

For visible-light imaging, our ISP technologies focus on image quality and visual stability under diverse lighting conditions. They support functions such as HDR high dynamic image fusion, image edge enhancement, image contrast improvement, 2D/3D noise reduction and electronic image stabilization, enabling reliable performance in scenarios including complex outdoor lighting changes, backlighting, nighttime environments and motion capture.

For infrared thermal imaging, our ISP technologies incorporate specialized processing designed for data from focal plane temperature sensors. Through dedicated algorithms and ISP-level optimization, our solutions enable effective thermal-imaging signal processing and support integration with visible-light imaging.

Over the past ten years, driven by application requirements and iterative innovation across four generations of SoCs, we have independently developed a portfolio of visible-light ISPs, infrared thermal-imaging ISPs and spatial-computing CV operators. We can independently develop both visible-light ISPs and infrared thermal-imaging ISPs, and our capabilities have been recognized by leading industry customers.

Our SoC solutions support a wide range of image detector interfaces, while the integrated ISP incorporates specialized algorithms dedicated to processing data from focal plane temperature sensors. Key technical characteristics include:

- **Latency.** With preparatory ISP processing, our SoC solutions achieve an end-to-end latency of less than 10 ms, spanning the full pipeline from image sensor output to display rendering.

- **Optimized power efficiency.** We continuously reduce the power consumption of smart devices, significantly enhancing energy efficiency for power-constrained scenarios.

- **Visual processing.** Our SoC supports real-time processing of visible-light signals at a resolution of 4K at 60 fps, enabling high-fidelity visual data handling.

- **Multi-channel scaling capabilities.** The ISP subsystem integrates four independent on-chip scalers (supporting scaling ratios from 1/64 to 2×), complemented by two external one-input-four-output scalers, providing flexibility for multi-resolution image adaptation.

- **Dedicated CV ISP subsystem.** The CV ISP module integrated in our SoC solutions supports two-channel mono sensor input and operates independently without consuming resources allocated to the RGB ISP.

Together, these ISP technologies establish a stable and efficient technical foundation for intelligent sensing, enabling reliable visual perception across visible-light and infrared thermal-imaging scenarios.

The following comparison demonstrates the image enhancement achieved by our proprietary AI ISP, which enhances the night vision quality of the image.

Before

After

The following comparison in image quality demonstrates the thermal imaging capabilities of our ISP, which significantly increases the resolution of the image:

Before

After

Intelligent Computation Supported by NPU for On-device Computing

Intelligent computing serves as the core of visual AI processing systems, enabling the analysis, recognition, and decision-making of visual data collected by the perception layer. As large-scale models continue to drive the demand for edge intelligence, smart device industries require SoCs with greater computing capacity. We have made long-term strategic investments in intelligent computing technology.

We have made long-term strategic investments in intelligent computing technologies to support high-quality and energy-efficient on-device AI processing. Our NPU serves as the core computing engine for on-device computing within visual AI systems, enabling efficient recognition and processing of multidimensional information.

To address the diverse and evolving requirements of intelligent vision applications, our intelligent computing architecture integrates the technology IP of DSP and NPU, together with a continuously expanding set of custom operators, providing flexible support for different computing workloads. Within this architecture, the NPU is designed to handle AI inference tasks efficiently while balancing computational performance and energy consumption, forming the computing foundation for multidimensional information recognition and processing.

The intelligent computing architecture of our mass-produced SoCs has advanced to the third generation, incorporating features such as high DDR bandwidth compression, low quantization loss, dynamic graph inference support, and structured and unstructured sparse computing. Through these architectural optimizations, our NPU achieves enhanced energy efficiency that reaches up to 12 TOPS/W.

In response to market demand for higher computational efficiency, our visual processing AI SoC AR9481 integrates a proprietary NPU delivering a peak computational performance of 8 TOPS. Through systematic architectural enhancements, this NPU achieves smooth execution of NLP and large-scale visual models, thereby lowering system power consumption and overall operating costs.

Through NPU-based on-device computing, our intelligent computing technologies provide efficient and flexible computing support for a wide range of intelligent application scenarios. Leveraging the architectural features of our NPU and its integration within our SoC solutions, our on-device computing capabilities support the following representative processing workloads:

- **Image processing.** Supporting on-device visual enhancement and analysis tasks, including image enhancement, video denoising, image super-resolution, and AI Codec processing, improving visual data quality and processing efficiency without reliance on cloud resources.

- **Security analysis.** Enabling real-time intelligent analysis functions such as face recognition and detection, crowd counting, crowd anomaly detection, single- and multi-target tracking, and target classification and detection, supporting continuous on-device monitoring and automated situational analysis.

- **Intelligent robotics.** Supporting core perceptual and operational functions, including audio noise reduction, speech recognition, image and semantic segmentation, dense depth estimation, AI-aided SLAM, obstacle detection, and optical flow computing, enabling autonomous navigation and interactive operation of robotic systems.

- **Large language model processing.** Supporting natural language processing-related tasks, including causal language generation, BERT-based semantic processing, open-vocabulary object detection, intelligent information retrieval, and text summarization, enabling on-device language understanding and human machine interaction.

- **AR systems.** Underpinning on-device spatial perception and interaction capabilities, including scene understanding, motion analysis, eye tracking, visual feature extraction and description, and gesture and posture recognition, forming the computing foundation for immersive and interactive AR experiences.

Through NPU-based on-device computing, these capabilities collectively form the core of our intelligent computing technology, enabling efficient recognition and processing of multidimensional information within Visual AI systems while balancing computational performance and energy consumption.

Intelligent Transmission Featuring Wireless Baseband for Long Distance and Efficient Transmission and RF Technology for Stable Transmission

Our wireless baseband technology serves as the core implementation layer of our intelligent transmission capabilities, enabling efficient and reliable transmission of perceptual data and computational outputs within visual AI processing systems. By integrating long-distance and low-latency communication and anti-interference capabilities at the RF+baseband level, our solutions support stable connectivity across complex and demanding operating environments.

Leveraging wireless transmission technologies, we offer wireless video transmission SoCs empowering smart devices from the following aspects:

- **Long-distance transmission.** We facilitate a wireless video transmission range of over 20 kilometers. By utilizing transmission technologies such as orthogonal frequency division multiplexing (OFDM), low-density parity-check (LDPC) coding and multiple-input multiple-output (MIMO) with spatial diversity, we boost spectral efficiency and receiver sensitivity, thereby extending transmission range without increasing power consumption. We thus balance reliability, speed and coverage of our wireless video transmission SoC products and solutions.

- **Stable and resilient AI transmission.** We embed intelligent processing directly into wireless transmission to enhance both performance and reliability. Our SoCs are optimized for scenarios requiring ultra-long-distance coverage, ultra-low-latency and large-scale flexible networking. Through adaptive transmission mechanisms, including dynamic channel selection, real-time modulation and coding adjustment, and fast, low-latency error handling and retransmission embedded in the transmission process, our solutions maintain stable and continuous connectivity under varying signal and interference conditions. These capabilities enable robust communication performance even in complex and harsh environments, such as industrial settings and air-ground integrated applications.

- **Flexible bandwidth.** Our SoC products and solutions support various physical configurations, meeting a variety of diverse transmission requirements. In particular, our AR803X series supports wide frequency range from 150MHz to 7GHz with 2T2R capability, allowing for flexible, software-defined configurations that adapt to global regulatory standards and diverse industrial environments.

- **Multi-user transmission.** We enhance SoC performance through architecture designs. A 4-to-1 architecture design facilitates a single access point to receive simultaneous image data from four separate devices.

- **Scalability.** The wireless transmission technology IP enables scalable deployment, facilitating complex network construction and large-scale scenarios involving multi-node and multi-device architectures.

According to Frost & Sullivan, our intelligent transmission technology leverages FCC-, CE- and SRRC-compliant ISM frequency bands and transmit power to achieve long-distance image and data transmission over 20 km and glass-to-glass latency under 40 ms from image sensor input to display output. These performance characteristics provide comprehensive support for real-time transmission requirements in applications demanding long-range, low-latency and interference-resistant connectivity. According to Frost & Sullivan, these performance characteristics position us as a leader in the visual processing AI SoC product and solution industry.

Through wireless baseband-based transmission, these capabilities collectively form the technical foundation of our intelligent transmission technology, enabling long-distance, efficient and stable data transmission within visual AI processing systems while meeting the requirements of low-latency and high reliability.

RESEARCH AND DEVELOPMENT

R&D Philosophy

With a deeply rooted engineering culture, we prioritize technology innovation, seamless collaboration and efficient production throughout the R&D process. We foster a dynamic exchange of ideas and are dedicated to delivering high-performance visual SoC products and solutions with precision craftsmanship. Our R&D encompasses the entire product lifecycle, emphasizing critical product defining at the earliest stages to meet the demands of smart device industries such as UAVs, AIoT and smart wearables.

Recent R&D Projects

We are strategically investing in next-generation IC architectures to secure our technological leadership in key growth markets. Our primary R&D focus is on two core series designed to advance performance and enable new applications.

The AR95 Series is a foundational shift towards an advanced process. This project targets substantial gains in power efficiency and cost structure through enhanced near-memory and in-memory computing capabilities. Scheduled for launch and mass production in 2027, the series is positioned for smart wearable devices-including AR/AI glasses, and watches-as well as for embodied and multimodal on-device artificial intelligence inference, promising solid imaging performance and support for a wider array of image sensors.

We are also developing an advanced product. This product series is engineered to deliver integrated, high-performance solutions for autonomous platforms such as drones and robotics, with an expected launch and mass production in the next two years. It aims to significantly improve transmission distance and interference resistance. Key characteristics include a highly integrated design that converges image signal processing, AI computing, and wireless transmission into a single, compact module, resulting in markedly lower power consumption, reduced latency, and a smaller form factor.

Moreover, we intend to undertake R&D initiatives focused on in-memory computing SoCs and AI application processors for edge computing applications.

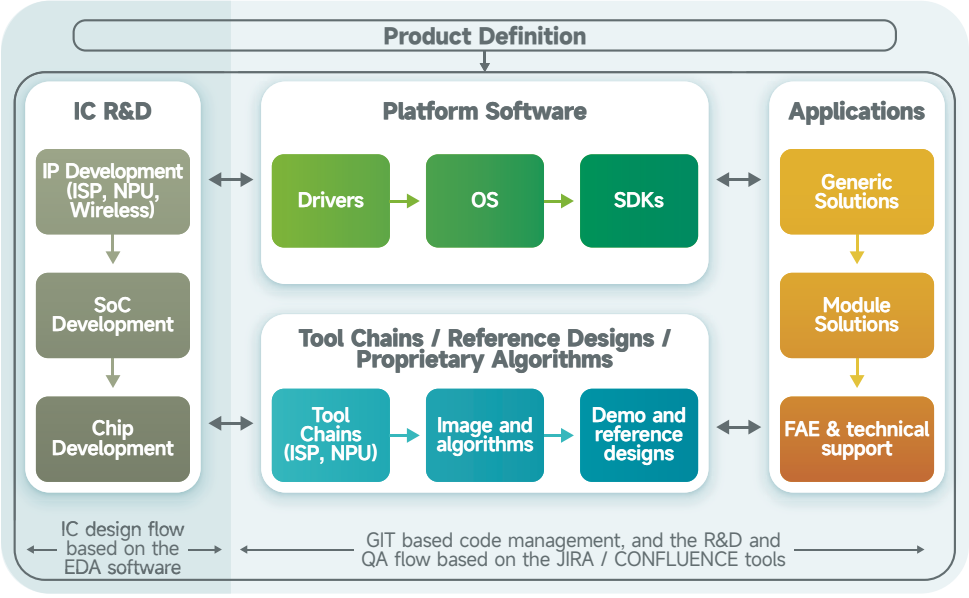
Process

Our comprehensive R&D process primarily includes key stages of (i) customer engagement, (ii) technical assessment and (iii) design and execution. Our R&D approach built on a profound understanding of customers' requirements, fostering seamless collaboration from the earliest stages. We compete in a fast-evolving industry and technology advancement often renders products and processes obsolete. Leveraging product defining capabilities, we provide end-to-end solutions for the UAV market, including goggles, video transmission, and imaging systems (visible light and thermal). For AIoT market, we continue to explore market opportunities with wireless video transmission R&D capabilities. We also provide products and solutions supporting advanced image processing and 3DoF for smart wearable markets. Benefited from years of dedicated R&D cycles, we possess proprietary technologies and deliver peak performance, efficient debugging support, and a downstream-friendly toolchain. See "Value Proposition" for further details on our product defining capabilities.

Based on initial customer engagement, our sales team is responsible for initially evaluating the commercial viability of market opportunities, which involves gathering detailed market information and working with the R&D team in assessing the opportunities. Our sales team then collaborates with the R&D team for joint technical feasibility assessment based on market trends, competitor analysis and specific chip performance requirements.

Upon the completion of technical assessment, our R&D team plans detailed manpower and timeline for sales to finalize execution milestones which mainly includes customer sign-off, tape-out and test acceptance. At the execution stage, our R&D team is responsible for in-house chip design, encompassing in-house algorithm development, front-end design and back-end design. We then engage third-party service providers in design tape-out and packaging, a process requiring collaborations with foundries for fabrication, wafer cutting and assembly of dies. The engineered sample units are subjected to rigorous testing. Any identified discrepancies are addressed through formal methodologies such as ECO.

The following diagram illustrates our R&D process.



Expertise

Our R&D team is responsible for determining the necessary technologies by comparing customer needs against competitor solutions and existing in-house SoCs or modules. We adopt R&D approach where software upgrades complement hardware iteration. We experiment with technology innovations through software upgrade and integrated the functions into our SoC, while unmet needs trigger new technical requirements for future product roadmap developments to enhance next-generation chip performance.

As of September 30, 2025, our R&D department has a team of 125 research professionals, accounting for 69.8% of our total workforce. Our R&D department is structured in three integrated divisions governing SoCs, software and application-specific solutions. Dr. Shen Bo, our Co-founder and Chief Technology Officer, leads our R&D department and is in charge of research technology development and SoC design, Dr. Shen has over 20 years of R&D and project management experience in the semiconductor industry with particular emphasis on SoC design. Dr. Shen Sha, our director of visual processing, leads R&D across three domains including video codec, digital image processing, and deep learning hardware accelerators, in which Dr. Shen Sha has more than ten academic publications and patents under his name. Mr. Li Zheng, our director of digital communication, leads our R&D in digital baseband and RF design. Mr. Liu Hongming, our director of software design, leads our software R&D including IC validation, SDK development, and reference design development. Mr. Wu Jun, our director of IC engineering, leads our IC engineering R&D which includes system-level IP development and verification, SoC front-end design and verification, synthesis, DFT, back-end implementation and signoff, package design and simulation, and production CP/FT testing.

Financial Resources

During the Track Record Period, we incurred RMB136.5 million, RMB139.9 million, RMB82.7 million and RMB62.0 million R&D expenses in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 129.9%, 31.2%, 24.1% and 18.2%, respectively, of our revenue for these periods. We incurred R&D expenses primarily for improving the design and expanding applications of our SoCs.

OUR CUSTOMERS

Introduction

Our customers are distributors and direct sales customers, which mainly include technology manufacturers and product sellers.

During the Track Record Period, our products were primarily sold in the PRC.

Sales Channels

Our products are sold through both direct sales and distribution, which aligns with standard practice in the semiconductor industry, according to Frost & Sullivan.

The following table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the periods indicated:

	Year ended December 31,				Nine months ended September 30,	
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Direct sales	101,717	96.8	277,545	61.9	297,796	87.3
Distribution	3,364	3.2	171,152	38.1	43,501	12.7
Total	105,081	100.0	448,697	100.0	341,297	100.0

Direct Sales

As of December 31, 2023, 2024, and September 30, 2025, we have 81, 92, and 91 direct sales customers, respectively. In 2023, 2024, and the nine months ended September 30, 2025, revenue from our direct sales amounted to RMB101.7 million, RMB277.5 million, and RMB297.8 million, respectively, representing 96.8%, 61.9%, and 87.3% of the total revenue for the respective periods.

We adopt direct sales for our UAVs, AIoT, and smart wearables customers in light of the relatively concentrated customer base for our products. We typically reach our direct sales customers through reaching out to the top users and suppliers of SoCs in each industry. The adoption of direct sales enables us to precisely understand and respond to customer requirements, allowing us to offer tailored products and services that meet our customers' specific needs. We acquire direct sales customers primarily by capitalizing on our robust brand reputation and substantial industry influence established through long-term, comprehensive and in-depth collaboration with top-tier companies across diverse application areas, together with other marketing activities.

The salient terms of our standard direct sales agreements during the Track Record Period are set out below:

- *Duration*. We generally enter into one-off purchase agreements with our customers.
- *Pricing*. The prices of our products are set forth in our price list in effect as of the date of the agreement.
- *Logistics*. We are generally responsible for delivering the products to locations designated by our customers and bear the relevant transportation costs.
- *Warranty*. We generally provide a one-year warranty period for the products delivered to our customers.
- *Product returns*. Not specified, except that our customers may negotiate with us on the remedies for our defective products upon discovering issues of our products which are confirmed to have arisen from our reasons.

- *Confidentiality*. Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party, unless otherwise agreed upon.

- *Termination*. If our customers repudiate their obligations, in whole or in part, by express statement or by conduct, we are entitled to terminate the agreement and claim liquidated damages equivalent to 20% of the price of the repudiated portion of the goods. If the liquidated damages are insufficient to cover our losses, we reserve the right to right to claim compensation for the shortfall from our customers.

- *Dispute Resolution*. Any disputes related to the enforcement of our agreements shall be subject to the exclusive jurisdiction of the competent people's court located at our place of domicile.

Distribution

We generally sell our SoCs and modules through distributorship to leverage their ability to reach end customers in the UAV and AIoT industries. This approach allows us to tap into novel markets and facilitate rapid establishment of regional sales networks, thereby enhancing our market penetration swiftly. The distributors are not exclusively engaged to distribute our products.

As of December 31, 2023, 2024 and September 30, 2025, we had two, six and five distributors, respectively. Our distributor increased from two as of December 31, 2023 to six as of December 31, 2024, mainly due to marketing effort to increase our customer base. As our sales stabilized, the number of distributors we engaged for the sales of the SoCs decreased from six as of December 31, 2024 to five as of September 30, 2025. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from our distributors amounted to RMB3.4 million, RMB171.2 million, RMB152.0 million and RMB43.5 million, respectively, representing 3.2%, 38.1%, 44.3% and 12.7% of the total revenue for the respective periods.

We select the distributors for the sales of our SoC products based on a number of criteria, including, among others, their knowledge of SoC products, resources, relationships with semiconductor companies, technical capabilities and financial condition. We manage these distributors and determine whether to continue our contractual relationships with them based on their performance and then enter into distribution agreements with them. They directly purchase products from us with no commission arrangement and are our customers, on-selling our products to companies in UAV and AIoT industries. The distributors purchase SoC products from us and maintain their own inventories. We generally do not require a minimum purchase amount or a minimum sales target from our distributors.

The salient terms of our standard distribution agreements with distributors during the Track Record Period are set forth below:

- *Duration*. We generally enter into one-off purchase agreements with our distributors.

- *Pricing*. The prices of our products are set forth in our price list in effect as of the date of the agreement.

- *Logistics*. We are generally responsible for delivering the products to locations designated by our customers and bear the relevant transportation costs.

- *Warranty*. We generally provide a one-year warranty period for the products delivered to our distributors.

- *Product returns*. Our distributors may negotiate with us on the remedies for our defective products upon discovering issues of our products which are confirmed to have arisen from our reasons.

- *Confidentiality*. Each party shall keep confidential the trade secrets, technologies and proprietary rights of the other party, unless otherwise agreed upon.

- *Termination*. If our distributors repudiate their obligations, in whole or in part, by express statement or by conduct, we are entitled to terminate the distribution agreement and claim liquidated damages equivalent to 20% of the price of the repudiated portion of the goods. If the liquidated damages are insufficient to cover our losses, we reserve the right to right to claim compensation for the shortfall from our distributors.

- *Dispute Resolution*. Any disputes related to the enforcement of our distribution agreements shall be subject to the exclusive jurisdiction of the competent people's court located at our place of domicile.

During the Track Record Period, we strengthened our distributor network to facilitate the sales of our SoCs and modules products as our business expanded.

The table below sets forth the changes in the numbers of our distributors during the Track Record Period.

	As of December 31,		As of September 30,
	2023	2024	2025
Number of distributors at the beginning of the year/period	2	2	6
Number of new distributors	0	4[(1)]	0
Number of terminated distributors	0	0	1[(2)]
Number of distributors at the end of the year/period	2	6	5

Notes:

(1) We engaged new distributors in 2024 to sell more visual processing AI SoC products as these products were in high demand.

(2) Our collaboration with certain distributor was terminated because we strategically focused on supplying to direct customers.

To the best of our knowledge, during the Track Record Period and as of the Latest Practicable Date, except for one distributors whose controller was our one of the limited partners of Shanghai Huimou, former employee and all of our distributors are Independent Third Parties, as none of our distributors controlled by any of our employees, and none of our distribution partners had any business, employment, family or financing relationships with any of our Directors, substantial Shareholders, senior management and employees. The terms of the agreements entered into by the distributor affiliated with the individual were consistent with normal commercial terms and were generally in line with our standard form. The distributor affiliated with the individual did not receive any material advances or financial assistance from us during the Track Record Period. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates. Our distributors place orders with us when and to the extent they deem appropriate. In general, our relationships with distributors have remained stable. For details, see "Financial Information – Key Components of Our Consolidated Statement of Profit or Loss – Revenue by sales channel" in this Document.

Pricing

We price our products based on a market-based pricing strategy. We determine product prices by considering multiple factors such as with market demand, industry conditions, technological advantages, cost structures and customer specifications. We regularly review pricing strategies and make adjustments to effectively address market conditions.

The following table sets forth the breakdown of price range or the upper end of the price range of our major products, as applicable, application during the Track Record Period.

	Year ended December 31,		**Nine months ended September 30,**	
	2023	**2024**	**2024**	**2025**
	RMB per Unit	*RMB per Unit*	*RMB per Unit*	*RMB per Unit*
UAVs				
Chips	62.0–263.0	45.8–267.4	61.9–267.0	37.1–261.1
Modules	174.7–2,465.5	127.4–2,998.6	127.4–3,057.1	127.4–2,831.9
AIoT				
Chips	33.4–177.0	45.2–223.4	45.2–214.7	29.8–159.3
Modules	69.5–2,920.4	69.5–3,362.8	69.5–2,846.6	69.5–3,308.0
Smart Wearables				
Chips	No more than 120	No more than 150	No more than 150	No more than 220

Marketing

We take a customer-centric marketing approach to build and expand our business relationships. We proactively engage with industry leaders and key players to explore collaboration opportunities. Simultaneously, participate in or attend major industry exhibitions to enhance brand visibility and promote our products and services, with a particular focus on reaching small and medium-sized customers. We collect feedback directly from customers and partners to garner insights that help drive

our business and operations forward. As we continue to expand domestically and globally, we will continue to optimize our sales and marketing network to ensure that we have sufficient geographic coverage across both existing and new markets.

Top Five Customers

During the Track Record Period, our customers primarily consisted of direct sales customers and distributors. We generated revenue of RMB76.0 million, RMB341.7 million and RMB200.4 million from the provision of SoC products to our top five customers in 2023, 2024 and the nine months ended September 30, 2025, respectively, accounting for 72.3%, 76.1% and 58.8% of our total revenue, respectively. In addition, during the Track Record Period, revenues generated from our largest customer in each year/period accounted for 50.9%, 33.1% and 34.1% of our total revenue, respectively.

The following table sets forth the details of our five largest customers in each period during the Track Record Period.

Nine months ended September 30, 2025

Customers	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A[1]	Chips, modules, and technology services for UAV	116,339,438	34.1	2021	Prepayment
Customer B[2]	Chips and technology services for smart wearables	26,895,310	7.9	2022	Up to 30 days after monthly close
Customer C[3]	Chips, modules for AIoT	20,805,691	6.1	2023	Prepayment
Customer D[4]	Chips, modules and technology services for AIoT	18,427,893	5.4	2020	Prepayment
Customer E[5]	Modules for UAV	17,922,478	5.3	2024	Prepayment

1 Customer A is a UAV manufacturer and solution provider, founded in 2017, with its headquarters in Shenzhen, Guangdong Province and operating as a privately held company.

2 Customer B is an AR glasses manufacturer, founded in 2017, with its headquarters in Shanghai and operating as a privately held company.

3 Customer C is a software solutions distributor, founded 2022, headquartered in Wuxi, Jiangsu Province, and operating as a privately held company.

4 Customer D is a public company headquartered in Weihai, Shandong Province, founded in 2009. It is a thermal imaging and micro-electro-mechanical system provider.

5 Customer E is an electronics component provider, founded in 2024, with its headquarters in Shanghai and operating as a privately held company.

Year ended December 31, 2024

Customer	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A	Chips, modules and technology services for UAV	148,449,039	33.1	2021	Prepayment
Customer F[6]	Chips, modules for UAV	108,988,693	24.3	2024	Prepayment
Customer C	Chips, modules for AIoT	53,153,394	11.8	2023	Prepayment
Customer G[7]	Chips for AIoT	15,804,597	3.5	2023	Up to 60 days after monthly close
Customer D	Chips, modules, and technology services for AIoT	15,282,077	3.4	2020	Prepayment

[6] Customer F is a UAV distributor, founded in 2012, headquartered in Shenzhen, Guangdong Province and operating as a privately held company.

[7] Customer G is a household robot manufacturer, founded in 2016, headquartered in Shenzhen, Guangdong Province and operating as a privately held company.

Year ended December 31, 2023

Customer	Products and services provided to end application	Sales amount *(RMB)*	% of Total revenue	Commencement of business relationship	Credit terms
Customer A	Chips, modules, and technology services for UAV	53,464,854	50.9	2021	Prepayment
Customer H[8]	Modules and technology services for AIoT	8,338,938	7.9	2023	90% of total prepayment, and 10% within 20 days upon confirmation of receipt
Customer D	Modules and technology services for AIoT	6,319,198	6.0	2020	Prepayment
Customer/Supplier I[9]	Chips, modules, and technology services for AIoT	4,780,566	4.5	2020	Up to 30 days after monthly close
Customer J[10]	Chips, modules for AIoT	3,128,414	3.0	2017	Prepayment

Customer/Supplier I is also an associate of Wuhan Guide. For more details about Wuhan Guide, please refer to "History Development and Corporate Structure — Corporate Development — Series B+ Financing in 2021."

Save for Customer/Supplier I, all of our five largest customers were Independent Third Parties during the Track Record Period. To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our five largest customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

[8] Customer H is an optoelectronics manufacturing company, founded in 2002, headquartered in Xi'an, Shaanxi Province, and operating as a privately held company.

[9] Customer/Supplier I is a public company headquartered in Wuhan, Hubei Province, founded in 2004. It is a thermal imaging system and integrated electro-optical system provider.

[10] Customer J is a AIoT distributor, founded 2018, headquartered in Shenzhen, Guangdong Province, and operating as a privately held company.

SEASONALITY

Our results of operations are affected by seasonal fluctuations in demand for our products to be used in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and sales cycles of customers before or around holidays, we typically experience higher sales in the second and third quarters of the year and highest in the fourth quarters of the year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year. We have implemented an integrated synchronization process. The sales team provides a sales forecast which informs the R&D team's adjustments to product iteration priorities, while enabling our procurement team to dynamically manage inventory levels accordingly, in response to unexpected fluctuations in product demand.

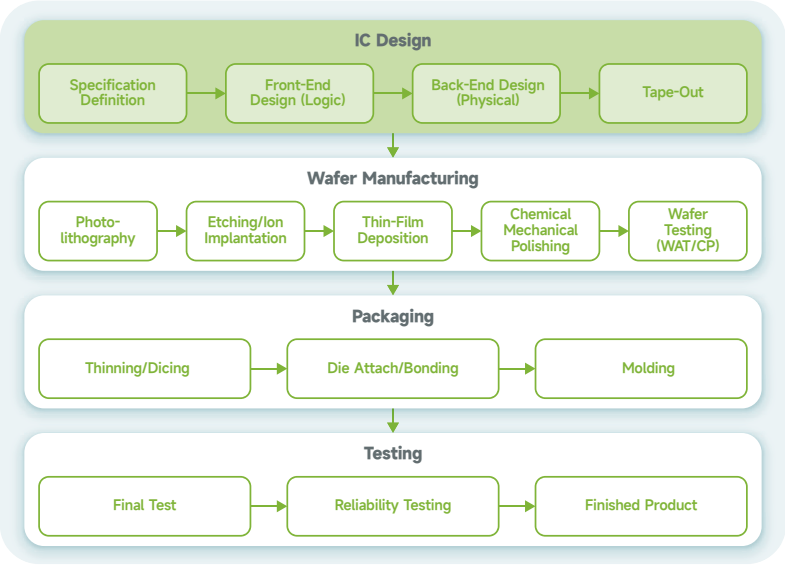
OUR SUPPLIERS

Procurement and manufacturing

We operate with a fabless model, where companies focus on designing their own products and outsource manufacturing to foundries. We outsource the manufacturing process through close collaborations with module manufacturers and packaging and testing service partners. Through this model, we mitigate the substantial capital expenditure necessary for the construction and maintenance of semiconductor fabrication plants, while utilizing and optimizing manufacturing process based on the requirements of our products.

During the Track Record Period, we primarily procured foundry-manufactured wafers and KGDs and SoC packaging and testing services from foundry and packaging and testing partners in the greater China region. During the Track Record Period, our suppliers primarily consisted of (i) foundries and (ii) packaging service providers, (iii) module manufacturer and (iv) sensor provider. In 2023, 2024, and the nine months ended September 30, 2025, we incurred purchases amounts of RMB63.4 million, RMB232.6 million and RMB140.3 million primarily for wafers, modules, sensors and packaging services from our top five suppliers, respectively, accounting for 36.9%, 65.5% and 61.2% of our total purchases, respectively. In addition, during the Track Record Period, purchases amounts incurred from our largest supplier in each year/period accounted for 12.1%, 27.0% and 30.3% of our total purchases, respectively.

Our procurement team is primarily responsible for formulating procurement plans based on the anticipated sales, the manufacturing lead time, inventory levels and production schedules. Pursuant to the procurement plans, our procurement team places purchase orders for our foundry suppliers. The foundry suppliers then manufacture wafers with our designed SoCs. We then arrange subsequent SoC packaging and testing with our packaging and testing partners. Upon completion, our packaging and testing partners deliver the finished products to us for sale.



Supplier Management

We typically engage foundries and packaging and testing plants based on their industry standing and quality assurance capabilities to ensure a sustainable supply of high-quality products We manage the production quality of our products through establishing long-term cooperative relationships, signing quality agreements, conducting regular audits, and implementing capacity reservation arrangements.

We also implement measures to monitor the final product quality. See "— Quality Control" in this section.

Top Five Suppliers

During the Track Record Period, purchases from our five largest suppliers primarily include wafers, modules, and packaging services, which amounted to RMB63.4 million, RMB232.6 million and RMB140.3 million in 2023, 2024 and the nine months ended September 30, 2025, representing 36.9%, 65.5% and 61.2% of our total purchase, respectively. In addition, during the Track Record Period, the amount incurred for purchase from our largest supplier accounted for 12.1%, 27.0% and 30.3% of our total purchase in 2023, 2024 and the nine months ended September 30, 2025, respectively.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period.

Nine months ended September 30, 2025

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Supplier A[1]	Wafer	69,429,941	30.3	2020	Prepayment
Supplier B[2]	Module manufacturing	42,800,317	18.7	2022	Prepayment
Supplier C[3]	Packaging	11,094,630	4.8	2023	Up to 30 days after monthly close
Supplier D[4]	Wafer	8,618,973	3.8	2024	Prepayment
Supplier E[5]	Sensor products	8,313,938	3.6	2025	Prepayment

Year ended December 31, 2024

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Supplier B	Module manufacturing	95,802,731	27.0	2022	Prepayment
Customer/ Supplier I[6]	Sensor products	54,722,965	15.4	2020	Prepayment
Supplier A	Wafer	41,871,278	11.8	2020	Prepayment
Supplier F[7]	Wafer	22,527,742	6.3	2023	Prepayment
Supplier C	Packaging	17,683,719	5.0	2023	Up to 30 days after monthly close

1 Supplier A is a privately held company with its operational headquarters in Shanghai, engaged in the trading of wafers.

2 Supplier B is a privately held company headquartered in Shenzhen, Guangdong Province, engaged in the manufacturing of modular products.

3 Supplier C is a global leader in providing packaging services with its headquarters in Jiangyin, Jiangsu Province, operating as a public company.

4 Supplier D is a privately held company headquartered in Beijing, engaged in the trading of semiconductor materials.

5 Supplier E is a privately held company headquartered in Wuhan, Hubei Province, engaged in trading of sensors.

6 Customer/Supplier I is a public company headquartered in Wuhan, Hubei Province, founded in 2004. It is a thermal imaging system and integrated electro-optical system provider.

Year ended December 31, 2023

Suppliers	Products/services purchased	Purchase amount *(RMB)*	% of Total purchase	Commencement of business relationship	Credit terms
Customer/ Supplier I	Sensor products	20,768,428	12.1	2020	Prepayment
Supplier A	Wafer	14,232,087	8.3	2020	Prepayment
Supplier B	Module manufacturing	11,393,821	6.6	2022	Prepayment
Supplier G[8]	Technology development and IP licensing	8,915,400	5.2	2021	60% after first phase of the design process, 30% after second phase of the design process, and 10% after the third and final phase.
Supplier H[9]	Wafer	8,102,691	4.7	2022	Prepayment

Supplier Agreements

Salient terms of our agreements with suppliers typically include:

Term and Termination. We generally have a term of one year for our foundries and four years for our packaging and testing partners.

Material Costs. For packaging and testing suppliers, we will pay for the SoC packaging and testing materials. For our foundries, we do not provide or pay for any raw materials.

Price. The framework agreements generally do not specify quantity or price, which we set out in separate purchase orders.

Principal Obligations. Suppliers are responsible for timely delivery and quality assurance of products and services. Our suppliers must meet our specified quality requirements and are responsible for defects resulting from suppliers' conduct.

7 Supplier F is a privately held company headquartered in Beijing, engaged in the trading of semiconductor materials.
8 Supplier G is a privately held company headquartered in Shanghai, engaged in back-end design services.
9 Supplier H is a privately held company headquartered in Hefei, Anhui, engaged in the trading of electronic components.

Delivery. Suppliers are responsible for delivering finished products to our warehouse.

Confidentiality. Our suppliers are obligated to keep all technical documents, design specifications, and proprietary information strictly confidential for five years from the receipt of confidential information.

Prepayment. We generally make prepayment within days upon signing a framework agreement with our foundries. Depending on the circumstances, we pay our SoC packaging and testing suppliers by prepayments or in installments.

OVERLAPPING CUSTOMER AND SUPPLIER

Supplier B is a modular product manufacturer. It was one of our top five suppliers in 2023, 2024 and the nine months ended September 30, 2025. Our relationship with Supplier B commenced in 2022, whereby we engaged Supplier B primarily for manufacturing and delivering SoC modular products. In 2024, we provided Supplier B with a de minis amount of memories applicable to modular products. We and Supplier B entered into these transactions as they were commercially sensible and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. The purchase amount attributable to Supplier B for 2023, 2024 and the nine months ended September 30, 2025 was RMB11.4 million, RMB95.8 million and RMB42.8 million, accounted for 6.6%, 27.0% and 18.7% of our total purchases, respectively. Revenue from Supplier B in 2024 accounted for a de minimis portion of our total revenue for the year.

Customer/Supplier I is a thermal imaging system and integrated electro-optical system provider. It was one of our top five customers in 2023 and was also one of our top five suppliers in 2023 and 2024. Our relationship with Customer/Supplier I began in 2020, whereby we procured sensors from Customer/Supplier I to deliver visual processing AI SoC products, and sold chips, modules and technology services to Customer/Supplier I. We and Customer/Supplier I entered into these transactions as they were commercially sensible and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. The purchase amount attributable to Supplier/Customer I for 2023, 2024 and the nine months ended September 30, 2025 was RMB20.8 million, RMB54.7 million and RMB4.8 million, accounted for 12.1%, 15.4% and 2.1% of our total purchases, respectively. Revenue from Supplier/Customer I amounted to RMB4.8 million, RMB7.1 million and RMB17.5 million in 2023, 2024 and the nine months ended September 30, 2025, accounted for 4.5%, 1.6% and 5.1% of our total revenue for the year/period.

Customer C, a software solutions distributor, was one of our top five customers in 2024 and the nine months ended September 30, 2025. Our relationship with Customer C began in 2023. During the Track Record Period, we engaged Customer C for the sale of our SoC products to certain customers because they found market opportunities in our products and we procured servers from Customer C for our ordinary operational needs. We and Customer C entered into the transactions as they were commercially sensible and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. Revenue generated from Customer C amounted to RMB53.2 million and RMB20.8 million in 2024 and the nine months ended September 30, 2025, accounted for 11.8% and 6.1% of our total revenue for the year/period. The purchase amount attributable to Customer C was RMB5.1 million in 2023, accounted for 3.0% of our total purchase for the year. See "– Our Customers – Sales Channels – Distribution."

Customer D is a thermal imaging and micro-electro-mechanical system provider, and was one of our top five customers in 2023, 2024 and the nine months ended September 30, 2025. Our relationship with Customer D began in 2020. We procured sensors from Customer D that were applied to our visual processing AI SoC products for AIoT applications. We sold Customer D chips, modules and technology services for AIoT. We and Customer D entered into the transactions as they were commercially sensible and met each of our business needs. This overlapping relationship is in line with industry practice, according to Frost & Sullivan. Revenue generated from Customer D amounted to RMB6.3 million, RMB15.3 million and RMB18.4 million in 2023, 2024 and the nine months ended September 30, 2025, accounted for 6.0%, 3.4% and 5.4% of our total revenue for the year. The purchase amount attributable to Customer D for 2024 and the nine months ended September 30, 2025 were RMB0.2 million, RMB12.2 million and RMB8.0 million, accounted for 0.1%, 3.4% and 3.5% of our total purchases cost of sales, respectively.

Our purchases from and sales to the customers and suppliers are not inter-conditional upon each other. The pricing and other terms of contracts that we entered into with the suppliers and customers are substantially the same as those we enter into with other customers and suppliers for similar products and services.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse

We have two warehouses in Shanghai, and Hefei, Anhui Province primarily for the storage of raw materials and finished products including packaged SoCs and modules. Wafers are delivered to the outsourced packaging and testing providers from foundries directly by third-party logistics service providers to ensure minimal contamination in transportation. Final SoC products are delivered to our warehouses from the outsourced assembly and testing providers by third-party logistics providers then to locations specified by our customers. These logistics service providers shall adhere to our strict transportation standards, and we conduct periodic evaluations of their compliance and performance to ensure seamless product delivery. To the best of our knowledge, all of these logistics service providers are Independent Third Parties.

Inventory Management

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

Our inventories mainly include raw materials, semi-finished products and WIP, and finished goods. To maintain our competitiveness, adapt our products to evolving demand trends and to avoid our inventories becoming obsolete, we have taken measures to optimize our inventory level, including minimizing inventory backlog in the process of inventory management. In addition, we have established internal submission and approval procedures to optimize the logistics of our inventory management and standard of purchase orders. We maintain sufficient level of inventory as a result of our effective inventory management.

QUALITY CONTROL

We have established a rigorous and well-structured quality management system that integrates industry-leading standards and best practices to ensure product reliability and customer satisfaction. Our overall quality framework is built upon ISO 9001. We hold regular seminars for our employees on quality control. We also adopt the use of quality control tools such as FMEA, Control Plan, and QCC.

From product design to production, quality is embedded throughout our entire product lifecycle. We employ rigorous validation and verification processes to ensure reliability and compliance with industry standards, with all R&D workflows and project documentation managed through an IT-backed system for consistency and traceability. We actively promote quality awareness through comprehensive training programs on quality systems and tools, and KPI-driven assessments. Our continuous improvement initiatives encourage proactive participation, rewarding teams for contributions to process optimization and innovation.

For the quality control of our SoCs, we primarily conduct quality monitoring across three stages: first, during the wafer testing stage, we use specialized probe cards in collaboration with testing facilities to screen the chip units on the wafer, selecting qualified dies to proceed to the packaging stage. In the packaging testing stage, we partner with leading packaging manufacturers to conduct reliability validation, including assessments of solder ball strength, delamination risks, aging tests, and other evaluations. We proceed with mass production after ensuring the packaging process meets our standards. Finally, in the final testing stage, we perform large-scale screening to eliminate defective products. This is an iterative process-initial test pattern coverage may not reach 100%, so we continuously optimize the test program based on customer feedback. If defective products are found to have reached the client side, we promptly add corresponding test items to improve coverage, thereby systematically ensuring chip quality.

In addition, we work closely with customers to ensure compliance with their specific product development, manufacturing, and shipping requirements while conducting thorough contract reviews to align expectations. Our customer feedback mechanisms allow us to promptly address concerns and drive continuous improvement.

Warranty and After-Sales Services

We generally provide a one-year warranty period for our products. For products used in specialized application areas, we provide extended warranties tailored to align with industry standards and bespoke customer needs.

Information Technology and Data Privacy

We utilize and maintain IT systems that evolve in tandem with our business growth, ensuring they meet our varied operational demands. These systems underpin key areas such as sales, R&D, supply chain management, production and after-sales services. The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations. See "Risk Factors – Risks Relating to Our Business and Industry – Our information technology networks and systems may be subject to failures, interruptions or security breaches".

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 maintain a financial system, a human resource management system and a business management system.

We pay close attention to risk management relating to our IT system, as storage and protection of corporate data and related information is critical to us. To ensure data security, we have adopted an advanced fire wall to ensure the confidentiality of our data by shield our data from external networks. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing. We have established a set of internal protocols on data security, which set forth detailed, strict requirements in relation to the use, disclosure and protection of confidential information. Among other things, such internal protocols provide limited authorization to our employees holding specific positions in specific departments to access and process corporate data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment.

In light of the specialized nature of our chip and related R&D activities and their reliance on data integrity and continuity, we have established multiple non-standard, high-efficiency backup and recovery systems for our server clusters. Through data replication and snapshot creation across multiple data storage systems with different performance profiles and throughput capacities, we implement differentiated backup strategies based on data criticality, including daily backups, weekly backups selectable within a one-week period, and monthly backups covering any month since data creation. These measures enable us to restore data to a specified state within 24 hours in the event of data loss, system failure or other disruptions, thereby safeguarding the continuity of our R&D operations and the security of critical data.

Our PRC Legal Advisor is of the view that we have been in compliance with the relevant PRC laws, rules and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date on the basis that (i) we do not collect or process personal data in the course of our operations as we do not conduct business directly with individuals, (ii) we have implemented appropriate cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data, prevent unauthorized access or use of data and respond to network security incidents, (iii) we have not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities for violation of cybersecurity and data protection laws, rules and regulations, (iv) there have been no material cybersecurity and data protection incidents or infringement upon the rights of any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of our Directors, threatened against or relating to us, and (v) we have not experienced any material leakage of data, any breach of confidential business data or violation of cybersecurity and data protection and privacy laws, rules and regulations which will have a material adverse impact on our business operations.

COMPETITION

The China visual processing AI SoC products and solution market remains broad-based and application-diversified, with demand distributed across a wide range of end scenarios. As a result, the overall competitive landscape is relatively fragmented, and vendors tend to demonstrate differentiated strengths and positioning in specific application segments and customer groups. According to Frost and Sullivan, the top five companies accounted for an aggregate market share of 27.4% in terms of revenue in 2024. In China, the visual processing AI SoC products and solution market grew from RMB8.3 billion in 2020 to RMB34.3 billion in 2024, representing a CAGR of 42.4%. We ranked 8th in the market with revenue of RMB0.4 billion and a market share of 1.3%.

The China UAV visual processing AI SoC products and solution market is characterized by relatively high concentration, with leading participants capturing major market share. China's market expanded from RMB1.4 billion in 2020 to RMB3.5 billion in 2024, representing a CAGR of 26.0%, We ranked 3rd in the market, with a market share of 8.0%.

We believe the visual processing AI SoC products and solution market presents high entry barriers for competitors, including first-mover advantages, strong customer recognition, comprehensive system-level capabilities, technological expertise, established collaboration with foundries, and substantial upfront investment. In practice, competition in this market is shaped by vendors' ability to engage customers over long product cycles, support joint defining and iterative refinement at the architecture and algorithm level, and deliver integrated system-level solutions that balance performance, power efficiency and reliability. In addition, the ability to execute stable mass production and delivery across diversified application scenarios, supported by mature supply chain coordination and sustained R&D efforts, further differentiates vendors' competitive positioning.

We remain focused on leveraging our first-mover position, R&D capability, and deep market insight to maintain and enhance our position in the market. See "Industry Overview" in this Document for details.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. We rely on a combination of patents, copyrights, trademarks, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights.

We have also adopted a comprehensive set of internal rules for intellectual property management and require our employees to sign non-disclosure agreements. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. Any commissioned research, commissioned development, cooperative research, or cooperative development undertaken with an external entity shall be governed by a written agreement. Such agreement must contain explicit provisions for the protection of intellectual property rights**.**

As of the Latest Practicable Date, we had 21 patents, 14 integrated circuit layout design registrations, 14 software copyrights, 11 registered trademarks, and six registered domain names in China. For detailed information about our material intellectual property as of the Latest Practicable Date, see "Appendix IV – Statutory and General Information – Further Information about our Group – Intellectual Property Rights of Our Group" in this Document.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial condition and results of operations. See "Risk Factors – Risks Relating to Our Business and Industry – Failure to protect, maintain or enforce our intellectual property rights may adversely affect our competitiveness and business performance" in this Document.

AWARDS AND RECOGNITION

We received a number of awards and recognitions in connection with our business and set forth below are some of the material awards and recognitions we had received during the Track Record Period and up to the Latest Practicable Date:

Year	Award/Recognition	Awarding Institution/Authority
2024	National-level "Little Giant" Enterprises (國家級專精特新"小巨人")	Anhui Provincial Department of Economy and Information Technology (安徽省經濟和信息化廳)
2024	Excellent Chip China 2024 Innovation Award (強芯中國2024新銳產品獎)	Integrated Circuit Design Innovation Conference and IC Application Ecosystem Exhibition, and China Integrated Circuit Design Innovation Alliance (中國集成電路設計創新聯盟、ICDIA-IC Show組委會)
2024	2024 Innovative and Fast-Growing Domestic IC Design Brands in the Electronic Components Industry (2024年度電子元器件行業IC設計創新成長國產品牌企業)	Hqew.com (華強電子網)
2023	China's Top 30 Pioneering AI Chip Companies of 2023 (2023年度中國AI芯片企業先鋒企業TOP30)	Semiconductor & AI Intelligence Open Lecture Series (芯東西&智東西公開課)
2023	"Little Giant" Award for Unmanned Systems (無人系統小巨人獎)	The 7th Drone World Congress 2023 (2023第七屆世界無人機大會)
2023	"Star 20" 2023: China's Innovative AI Computing Infrastructure Companies ("星辰20"2023中國AI算力層創新企業)	Jazzyear (甲子光年)

PROPERTIES

As of the Latest Practicable Date, we do not own any land use rights.

Leased Properties

As of the Latest Practicable Date, we had leased six properties, from Independent Third Parties, with a total gross floor area of approximately 6,269.4 square meters for our business operations. The properties we lease are mainly used for office and research and development purposes.

As of the Latest Practicable Date, our leased properties in China had not completed lease registration procedures with the relevant PRC government authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity of the lease agreements, but we may be imposed with a penalty ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration of any of our lease agreements after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not been subject to any material administrative penalties by the relevant competent authorities.

See "Risk Factors – Risks Relating to Our Business and Industry – Certain of our leased properties are subject to risks relating to unregistered leases" in this Document.

EMPLOYEES

For the nine months ended September 30, 2025, we had 179 full-time employees, and all of them were based in the PRC. The following table sets forth the number of our employees categorized by function and percentage of our total number of employees as of September 30, 2025.

	As of September 30, 2025	
Function/department	**Number of Employees**	**% of Total**
Research and development	125	69.8
Management	43	24.0
Sales	11	6.1
Total	179	100.0

We believe that our employees are valuable assets that contribute to the success of our Group. We recruit our employees based on a number of factors such as their industry experience and educational background, as well as our vacancy needs. We offer employees fair and competitive compensation and benefits and incentivize employees to improve their performance with a performance-based compensation system. Our compensation system includes base pay, performance-based salary, bonuses, project bonuses, and allowances and subsidies, while our benefits system includes statutory benefits, supplementary commercial insurance, leaves, health check-ups, and holiday benefits. We also entered into individual employment contracts with our employees covering matters such as wages, employee benefits, employment scope and grounds for termination. We provide mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance, medical insurance and maternity insurance.

Our employees would undergo training to enhance their technical skills, knowledge of industry quality standards, occupational health and safety standards and applicable laws and regulations. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes that led to disruptions in our Group's operations.

We are dedicated to continuous research into the talent needs of the industry, focusing on key areas to support talent cultivation and technological innovation. We have established a robust team of experts and technical personnel to achieve these goals. For the years ended December 31, 2023, 2024, and the nine months ended September 30, 2025, our research and development team made up 71.7%, 75.0%, and 69.8% of our total employees, ensuring technical vitality and an understanding of the sector, as of September 30, 2025.

Labor Dispatch

We employ some of our workforce through labor dispatch arrangements, wherein workers are hired by third-party human resources service company for us. Pursuant to the Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》) which has become effective since March 1, 2014, an employer shall strictly control the number of dispatched workers engaged, which shall not exceed 10% of the total number of its workers (the "**Limit**"). As of September 30, 2025, the number of dispatched workers engaged by us exceeded the Limit, primarily because with the customers' order demand growth, we need additional workers to deliver customer orders in short term, resulting in the number of dispatched workers exceeding the stipulated Limit in relevant periods. The dispatched workers were primarily engaged in auxiliary and temporary work such as IC testing and data recording. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if the number of dispatched workers exceeds the Limit, the employer may be ordered to make corrections within a time limit by labor administrative authorities, and failure to make such corrections may lead to a fine ranging from RMB5,000 to RMB10,000 per dispatched worker imposed by labor administrative authorities. During the Track Record Period, the maximum number of the dispatched contract workers hired by us that exceed the Limit was 19, which may result in us being subject to a maximum penalty of RMB0.19 million if we are ordered but fail to make corrections within a time limit by labor administrative authorities. During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries had not been subject to any administrative penalties or other disciplinary actions relating to labor dispatch by relevant government authorities. In January, 2026, we have terminated the labor dispatch agreement with the

third-party human resources service company and replaced it with a service outsourcing agreement to meet our occasional temporary business needs. See also "Risk Factors – Risks Relating To Our Business And Industry – We face risks to our employee dispatch arrangements".

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by the relevant laws and regulations and in accordance with the commercial practices in our industry. We take out social insurance for our employees including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, and medical insurance. In addition, we take out commercial medical insurance for our employees. We take out property insurance and vehicle insurance. However, in line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damage to our network infrastructures or information technology systems, or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be adequate to cover all risks associated with our business and operations" in this Document.

During the Track Record Period, we did not make any material insurance claims in relation to our business.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors – Risks Relating to Our Business and Industry – We may from time to time be involved in litigation, regulatory proceedings or other disputes, which may adversely affect our business, financial condition and results of operations" in this Document.

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against our Group or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could have a material adverse effect on our business, financial condition or results of operations. As confirmed by our PRC Legal Advisor, except as disclosed in this Document, we have complied with all applicable laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

We had not been and were not involved in any material non-compliance incidents that would, individually or in aggregate, have a material adverse effect on our business, financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations such as financial reporting and internal control. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted and will continue to take risk management measures as follows:

- Our Board is responsible for the establishment, improvement, and supervision of the implementation of our internal control system.
- Our senior management is responsible for the development and effective implementation of our internal control system.
- Our employees are responsible for following the systems, processes and standards of internal control.
- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risks. We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our information technology, human resources, finance and operations departments are collectively responsible for ensuring the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our CEO to take appropriate measures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

In addition, we have implemented an investment policy to manage operational risk relating to investments in financial products. We invest in unlisted financial assets, which primarily consist of fix-rate short-term bank deposits. To ensure appropriate oversight and risk mitigation, we have put in place comprehensive internal investment policies, such as only idle funds can be used to make unlisted investments and we primarily invest in principal-protected wealth management products. We also continuously monitor the performance and risks of the investments, and provide regular reports to senior management and the Board. In addition, our financial department periodically reviews the investment process to confirm adherence to regulatory requirements and our internal policies. Our Board also plays

an active role in supervising and governing our investment activities. It approves our overarching investment policy to ensure it is consistent with our strategic objectives and oversees significant decisions relating to investments in wealth management products. This approval mechanism ensures that all investment decisions are carefully reviewed and are aligned with our financial risk management objectives.

Legal and Compliance

To effectively manage our compliance and legal risk exposures, we have adopted internal procedures to ensure the compliance of our business operations with the applicable rules and regulations.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing the form of contracts we enter with our customers and suppliers. We continuously improve our internal policies according to changes in laws, regulations and industry standards and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient. We have an employee code of conduct in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We continually review, collect suggestions for improvement from our employees and update the employee code of conduct.

Financial Reporting

We have in place a set of policies in connection with our financial reporting risk management, such as financial reporting management, internal audit, investment management and budget management. We also have procedures in place to implement an internal audit, and our financial department reviews our management accounts, and our internal control department reviews our internal control procedures.

We have in place a robust risk management and internal control system. We adopted and continually improved our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We are dedicated to upholding the legal compliance of our operations and management, safeguarding assets and ensuring the accuracy and completeness of financial reports and related information. Our commitment extends to enhancing operational efficiency and effectiveness, thereby fostering the achievement of the company's strategic development goals.

We established an internal audit department tasked with independent audit supervision of the business operations and internal control of the company and its subsidiaries in accordance with laws, rules and regulations and the articles of association of the company, and in accordance with the principles of objectivity, impartiality and prevention.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective.

Intellectual Property Risk Management

To ensure proper management of our intellectual property and avoid litigation concerning intellectual property infringement, we have implemented internal policies and established an internal intellectual property management system. Focusing on R&D activities, we have been and may continue to be subject to claims from companies holding patents or other intellectual property rights, alleging infringement of such rights or otherwise asserting their rights and urging us to obtain incenses in the course of our operations. See "Risk Factors – Risks Relating to Our Business and Industry – Failure to protect, maintain or enforce our intellectual property rights may adversely affect our competitiveness and business performance."

Investment Risk Management

Our investment department has primarily been responsible for our investment project sourcing, screening, execution and post-investment monitoring. The investment department searches for investment projects based on our business strategy, and conducts thorough due diligence with the finance and legal departments to assess the risks and potential of the investment projects.

We invest in or acquire businesses that are complementary to our business and aligned with our overall growth strategies, such as businesses that can expand our service offerings and strengthen our technological capabilities. In general, we intend to hold our investments for the long term in forms of preferred shares or ordinary shares with preference rights. In order to manage potential risks associated with investments, we generally obtain minority protection rights from our investment portfolio companies.

Information Security and Data Privacy Risk Management

See "— Information Technology and Data Privacy."

Audit Committee Experience and Qualification and Board Oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See "Directors and Senior Management – Board of Directors."

In addition to our internal control department, we have also established an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board on a timely basis.

ENVIRONMENTAL SOCIAL AND CORPORATE ("ESG") GOVERNANCE

We are strongly committed to advancing environmental and social priorities by embedding ESG principles throughout our operations. We incorporate these considerations into all aspects of our business to deliver lasting value to stakeholders while adhering to industry standards and regulatory requirements. Our approach is guided by a strong sense of corporate responsibility, enabling us to achieve sustainable growth.

ESG Governance

Our Board continuously improves the management level of sustainability of the enterprise and ESG matters are fully regulated by the Board.

The specific responsibilities of the Board include but are not limited to:

- Research and develop the ESG governance vision, strategic planning, management objectives, management systems, and management rules of the Group, and coordinate the implementation and implementation.
- Provide guidance and final approval on strategy and policy formulation for ESG matters.
- Conduct a comprehensive review of the Group's ESG related information disclosure to ensure the completeness and accuracy of the disclosed information.
- Adhere to the latest ESG related laws and regulations and the applicable provisions of listing Rules and adjust the ESG management direction of the Group in a timely manner.
- Identify key stakeholder based on Group business operations, proactively understand and respond to their concerns regarding ESG matters.
- Lead the integration of ESG concept and environmental, wellness and safety management system requirements into the entire business process of the organization.
- Develop the Group's ESG policy and evaluate its effectiveness, and regularly conduct self-inspections and verifications of policy implementation.
- Organize the writing of ESG related reports for external disclosure (after listing) and complete the final review of the reports.

Environmental

Resource utilization and waste management

We are dedicated to enhancing energy efficiency and fostering green and low-carbon development. The primary energy source for the Group is purchased electricity, and Hefei Kuxin has successfully achieved ISO14001 certification. To conserve energy resources, we have implemented the following measures:

- We always set appropriate print parameters before printing any document. Non-recyclable waste paper should be uniformly collected and sorted by the Administrative Department for potential reuse.

- The last employee to leave each day must ensure all doors and windows are closed and electrical equipment is powered off. This helps mitigate safety risks and prevent energy waste.

Our energy usage during the Track Record Period is listed below:

		As of 31 December		As of 30 September
Metrics	**Unit**	**2023**	**2024**	**2025**
Purchased electricity	Megawatt hour	1,078.21	1,037.00	759.81
Total energy consumption	Megawatt hour	1,078.21	1,037.00	759.81
Total energy consumption intensity	Megawatt hour/RMB1 million in revenue	10.27	2.31	2.23

In terms of water resource management, we use municipal water sources, and we do not encounter any challenges in securing suitable supplies. To conserve water, we have implemented a range of water-saving initiatives, including promoting mindful water usage and fostering efficient practices across the Group.

Our water usage during the Track Record Period is listed below:

		As of 31 December		As of 30 September
Metrics	**Unit**	**2023**	**2024**	**2025**
Total water consumption	Ton	362.76	211.00	185.00
Total water consumption intensity	Ton/RMB1 million in revenue	3.46	0.47	0.54

Note: Only the water consumption of Hefei Kuxin, measured by a separate water meter, is included.

In terms of waste management, the Group does not generate hazardous waste due to the nature of its operations. The only waste produced is general waste from office and dining areas. We adhere to local regulations regarding waste classification, provide designated garbage cans in office areas, and deliver guidance to employees on proper waste classification and disposal. All waste is cleared and transported daily by the property service provider, ensuring full compliance with relevant regulations.

Metrics	Unit	As of 31 December 2023	2024	As of 30 September 2025
Total amount of non-hazardous waste	Ton	52.30	47.80	37.30
Non-hazardous waste intensity	Ton/RMB1 million in revenue	0.50	0.11	0.11

Note: Total amount of non-hazardous waste = average annual headcount * working days * amount of waste produced per day.

Addressing climate change

We attach great importance to the impact of climate change on the operations of the Group and refer to the framework and recommendations of the Climate Related Financial Disclosures Working Group (TCFD) to identify climate-related risks and opportunities that the Group may be affected, assess their actual and potential impacts on our operations, strategy and financial performance, and take effective measures to promote sustainable development of the Group. Climate change governance has been identified as a 'significant component' of the overall ESG system to enhance overall climate risk management capabilities.

Governance

The Group is actively examining the potential impact of climate change on our operations and adopting effective strategy to strengthen our response to extreme climate events. In response to climate change's impact on business operations, our Board has gained a deep understanding of identifying potential impacts and advancing the implementation of specific work.

Strategy

Climate-related risk can be divided into transition risk arising from the transition to a low-carbon economy and physical risks arising from climate change. Transition risk can be divided into policy and regulatory risks, market and technological risks, and reputational risks. Physical risks include acute physical risks (such as extreme weather events such as earthquakes, heavy rain, floods, sandstorms, etc.) and chronic physical risks (long-term changes in climate patterns such as sea level rise and sustained high temperatures).

Climate risk Types	**Risk category**	**Climate related risk analysis**	**Strategy and Countermeasures**
Physical Risk	Chronic	Long term high temperatures will increase water consumption, leading to increased energy consumption and equipment maintenance costs. May cause power supply shortages or power interruptions.	By innovating energy management technology, we aim to reduce equipment damage and downtime risks caused by unstable energy supply.
		Long term rainfall may disrupt the supply of key raw materials for production and the operation of manufacturing facilities and may also cause instability or delayed delivery of goods.	Pay attention to the typhoon, flood and other warning information and defense guidelines issued by the local government.
		Typhoon may affect logistics system, leading to supply chain interruption, inability to replenish goods in a timely manner, affecting inventory and sales.	Establish stable cooperation with supplier to ensure timely replenishment of goods in case of supply chain interruption.
	Acute	Coastal floods may cause inventory to deteriorate or be damaged due to water immersion, resulting in economic losses. It may also damage power and communication facilities, affecting the normal operation of the Group.	When selecting a location for the Group, avoid low-lying areas and prepare sandbags, waterproof barriers, and other materials before extreme weather to quickly deploy in case of floods.

Climate risk Types	**Risk category**	**Climate related risk analysis**	**Strategy and Countermeasures**
Transition Risk	Policies and Laws	National and local governments may implement stricter climate related policies (more stringent carbon emissions compliance and disclosure requirements), which will increase the investment and cost.	Continuously monitor the introduction and update of relevant policies and regulations, timely study and implement requirements, and develop response measures.
	Technology	The development and application of new low-carbon technologies are transitioning towards lower carbon and more environmentally friendly environments, which may lead to the elimination of existing technologies and equipment.	Fully consider the development trend of low-carbon technology when purchasing equipment; Pay close attention to the upgrading of technology and equipment in daily operations to maintain competitiveness and compliance.
	Reputation	Society's expectations for sustainability of enterprises have increased, and if enterprises perform poorly in terms of environment and social responsibility, they may suffer reputation damage, which in turn affects their market image and customer loyalty.	Regularly conduct reputation risk investigations, identify potential risk points, determine risk levels and potential impacts.

Risk Management

In the face of the challenge of climate change, we focus on identifying and assessing the potential risks of its climate impact, actively exploring new opportunities in the green economy.

Metrics and Targets

To more efficiently regulate and govern these indicators, we regularly collect and conduct in-depth analysis of relevant data to provide scientific decision-making basis for our environmental protection work. During the Track Record Period, we regularly tracked key indicators linked to climate risk, such as direct greenhouse gas (GHG) emissions (Scope 1) and indirect GHG emissions (Scope 2).

Our greenhouse gas emissions during the Track Record Period are listed below:

				As of
		As of 31 December		30 September
Metrics	**Unit**	**2023**	**2024**	**2025**
Scope 1 GHG emissions	tCO_2e	0	0	0
Scope 2 GHG emissions	tCO_2e	614.90	591.40	433.32
Total GHG emissions	tCO_2e	614.90	591.40	433.32
GHG emissions intensity	tCO_2e/RMB1 million in revenue	5.86	1.32	1.27

Note: Scope 2 GHG emissions = purchased electricity * corresponding emission factors.

Social

Employment management

In terms of employment, we adhere to high standards and are dedicated to providing holistic career development opportunities for all employees. To attract top talent, the Group has established a diverse recruitment system, including campus recruitment, internal referrals, online recruitment platforms, and partnerships with headhunters. Throughout the hiring process, we ensure a fair and inclusive approach, and discrimination against candidates is prohibited. Additionally, we have implemented a multi-dimensional communication and feedback system, comprising one-on-one HR sessions, semi-annual/annual supervisor reviews, employee representative meetings, suggestion boxes, and performance feedback mechanisms. These channels enable us to efficiently gather and address employee needs and suggestions, fostering a positive work environment.

Furthermore, the Group has formally published an Employee Handbook that explicitly prohibits discrimination, harassment, bullying, and other improper conduct, and we implement stringent measures to enforce these policies. Additionally, we strictly prohibit child labor and forced labor, and take effective steps to safeguard the legal rights and interests of children and minors. Throughout the Track Record Period, the Group consistently upheld the principles of fairness, justice, and transparency in employment practices, and we did not encounter any adverse incidents related to discrimination or harassment.

Care for employees

In compliance with national regulations, we provide comprehensive social insurance coverage for our employees, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund.

To align with our people-oriented management philosophy and demonstrate our commitment to employee well-being, we have initiated several care programs. These include providing talent with apartments and rental subsidies, and assisting with household registration processes such as relocation, fresh graduate registration, and accumulating points for residence permits.

Training and development

To enhance employees' skills and capabilities and foster the development of their full potential and overall competencies, we have implemented a robust training program. This program encompasses a variety of training methods, including internal training (which is also provided to external personnel), external training, and online training, all underpinned by a comprehensive training framework. At the end of each year, the Human Resources Department conducts an annual training needs assessment to gather and analyze relevant data. Based on the Group's strategic objectives, we then establish our annual training priorities.

Wellness and safety of employees

Safety is paramount for our Group. To safeguard our employees' well-being, we offer comprehensive annual health examinations and commercial medical insurance. Additionally, we enhance their understanding of safety-related issues through promotional campaigns, training sessions, and guidance, thereby boosting their safety awareness and skills. All employees are expected to adhere strictly to safety protocols and integrate safety practices into their daily routines.

Product Liability

Currently, our production process adopts an outsourcing model, with quality inspection tasks entrusted to the outsourcing team. Simultaneously, the Group places great emphasis on fostering a quality-conscious culture among all employees. We have systematically implemented specialized training on the ISO9001 quality management system, deeply ingrained the concept of continuous improvement for everyone, and leveraged the PDCA cycle management method to iteratively enhance quality management. Through these efforts, we have steadily elevated our quality standards from consumer-level expectations to industry-level benchmarks.

We have established a robust management review mechanism to ensure the normalization and effectiveness of quality management. Graded quality objectives have been set to align with both system certification requirements and customer expectations. In terms of after-sales responsibility, our sales contracts clearly stipulate a 12-month warranty period. If any quality issues arise, customers have the right to return or exchange the products in accordance with the agreed terms. After-sales service is independently managed by the Group, and we conduct professional chip failure analysis and other diagnostic processes for problematic products to identify the root causes and implement effective solutions. Regarding customer feedback channels, customers can directly provide product feedback to our sales personnel; and sales teams act as the primary coordinators, leveraging internal resources to efficiently address and resolve customer concerns.

Supply Chain Management

We have implemented a comprehensive Supplier Admission Process System and Supplier Evaluation and Assessment Management System to ensure the efficiency and transparency of our supply chain. For all collaborating suppliers, we maintain a structured supervision and assessment framework, including annual multi-dimensional evaluations for suppliers in critical product categories such as packaging, testing, and PCB. These evaluations enable us to identify areas for improvement and establish clear corrective action plans for suppliers that require optimization or support in their production processes.

In managing our supply chain, we incorporate environmental protection standards into both our outsourcing production and material procurement processes. Specifically, packaging and testing service providers are required to use ROHS-certified materials, while in the testing phase, we prefer to work with enterprises that have green environmental certifications. Furthermore, suppliers providing PCBs for module production must submit factory inspection reports that confirm compliance with ROHS and other applicable environmental regulations.

Integrity and anti-corruption

To foster a culture of integrity and prevent corruption, we have implemented the Integrity Management System, which mandates that all employees adhere to legal standards, uphold integrity and honesty, and demonstrate an unwavering commitment to the Group. This system is designed to eliminate illegal and unethical behaviors, such as corruption. We have established specific codes of integrity tailored for different roles within the Group, including business personnel, procurement personnel, financial personnel, and general employees. In terms of anti-corruption reporting channels, we have created multiple avenues for employees and external partners to voice concerns or report misconduct. A dedicated reporting email (kxrx@artosyn.cn) and a reporting hotline (Hefei Kuxin Hotline: (021) 61420730) have been set up to receive complaints. Additionally, we have introduced a specialized Ding Talk account for reporting purposes, further enhancing our ability to monitor and manage integrity-related issues effectively.

Corporate social responsibility

We are committed to fulfilling our social responsibility, with a strong emphasis on fostering social livelihoods and actively participating in social welfare initiatives. Through diverse and innovative forms of engagement, including self-organized public welfare projects, we strive to enhance community well-being, environmental sustainability, and public health. During the Track Record Period, we were honored to participate in the community-led ''Sustainable Partner Participation Program (Phase I)'', taking tangible actions to support the development of a sustainable ecosystem in the community.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, approvals, consents, registrations and permits that were required for our business operations in jurisdictions where we operate, and such licenses, approvals, consents, registrations and permits remained in full effect.

The following table sets forth details of our material licenses and permits:

License/Permit	Date of grant/filing	Date of expiry	Issuing authority
Registration Form for Foreign Trade Manager (對外貿易經營者備案登記表)	January 14, 2021	N/A	Shanghai Municipal Commission of Commerce
Registration certificate for Customs Declaration (報關單位註冊登記證書)	September 11, 2015	N/A	Luzhou Customs, PRC
Registration for Import and Export Consignees and Consignors in Chinese (海關進出口貨物收發貨人報關註冊登記證書)	June 19, 2013	N/A	Luzhou Customs, PRC

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Historical Performances

Our business has grown substantially during the Track Record Period. Our revenue increased from RMB105.1 million in 2023 to RMB448.7 million in 2024, and from RMB343.3 million in the nine months ended September 30, 2024 to RMB341.3 million in the nine months ended September 30, 2025. While we incurred net losses of RMB308.3 million, RMB216.3 million in 2023 and 2024, and RMB156.2 million, RMB2.3 million in the nine months ended September 30, 2024 and 2025, primarily due to sustained investments in research and development, initial commercialization, customer onboarding costs, and the cyclical downturn in semiconductor industry, our operating performance improved significantly. In particular, our gross profit increased from RMB11.7 million in 2023 to RMB144.4 million in 2024, and from RMB107.6 million in the nine months ended September 30, 2024 to RMB151.1 million in the nine months ended September 30, 2025.

As a visual processing AI SoC design company, our business requires continuous and substantial investments in research and development to support product innovation and commercialization. Unlike traditional semiconductor development models, our R&D process is closely integrated with customer product development, with customers participating at various stages of product defining. This collaborative development approach enhances the stability and predictability of our R&D activities, enables early validation of product-market fit, and facilitates a smoother transition from development to mass production. Such customer-involved R&D model supports a more efficient product lifecycle, as products are designed with clearer application scenarios and demand visibility, thereby reducing post-launch customization costs and accelerating volume deployment. As our products entered mass production and delivery stages and economies of scale gradually materialized, the benefits of this development model began to be reflected in our financial performance.

Accordingly, our financial condition and results of operations improved over the Track Record Period. In particular, our gross profit margin recorded a notable improvement in 2025, reflecting increased contributions from mass-produced products, improved economies of scale and the financial benefits of our customer-integrated R&D approach, as well as the commencement of sales of our smart wearables products in the AR/VR market. These factors enabled us to better leverage economies of scale, optimize cost structures and realize the benefits of our customer-integrated R&D model. This can be reflected in our adjusted net profit (non-HKFRS measure) amounted to RMB47.0 million for the nine months ended September 30, 2025. See "Financial Information" for further details.

Going forward, we intend to maintain sustainability and growth of our business and achieve profitability through (i) revenue growth and (ii) operation improvements.

Path to Profitability

Revenue Growth

We expect to grow our business and increase our revenue due to the following factors:

- **We operate in a fast-growing industry with vast market potential.** According to Frost & Sullivan, the visual processing AI SoC products and solution market expanded rapidly from 2020 to 2024, recording CAGRs of over 40% in both China and global markets, and is projected to continue growing at a CAGR of over 20% through 2029, driven by expanding application scenarios and broader adoption of AI-enabled visual computing. See "Industry Overview" for further details. We achieved steady revenue growth by virtue of precise industry insight, diversified strategies and in-depth customer cooperation. We seized the growth potential in the industry's upward cycle during the Track Record Period through our product offering capabilities in visual processing and transmission field. Driven by the rapid development of AI technology, the visual AI chip market has stepped into a high-speed expansion phase. Benefited from industry growth and core technical advantages, we are able to continuously expand market share and boost revenue scale.

- **We adopted a diversified layout of products and applications to build a sustainable growth model.** Building on our core strengths in visual processing AI SoCs, we have continuously expanded our product portfolio and application coverage through continuous product launches. In addition, we have been deepening our presence and will continue to strengthen our presence in emerging markets including UAVs, AIoT and smart wearables, consistently offering market leading SoC products and solutions, including our next generation visual processing AI SoC. By building a diversified product matrix, we are able to explore new application scenarios and revenue growth opportunities, enhance our resilience to market fluctuations and lay a solid foundation for sustained revenue growth.

- **We have continuously solidified and expanded our customer base, establishing long-term and stable strategic partnerships.** In addition to increasing revenue contributions from leading customers, our deep and ongoing collaboration with downstream scenario leaders enables us to stay closely aligned with evolving industry trends and frontline application requirements. By developing a thorough understanding of these customers' needs and providing tailored solutions through joint research and development, ecosystem co-creation and other forms of cooperation, we have enhanced customer stickiness and loyalty during the Track Record Period. Leveraging the insights, experience and reference cases accumulated from our cooperation with leading customers, we are also better positioned to extend our solutions to a broader range of customers across diversified application scenarios, thereby expanding the breadth and depth of our customer base and further supporting revenue growth.

Optimizing Operational Efficiency

We expect to further optimize our cost structure, R&D and sales and administrative functions to improve operational efficiency:

- **We intend to strengthen supply chain management and cost control to improve profitability.** As our products have progressively entered the commercialization stage and economies of scale have begun to materialize, our gross profit margin has improved to a relatively high level. We have optimized our supply chain system by enhancing supplier management, streamlining procurement processes and strengthening inventory control to reduce procurement and operating costs, and have refined cost management across production and daily operations by improving cost utilization efficiency. On this basis, we are well positioned to maintain a relatively stable gross profit margin level.

- **We have taken a series of targeted measures to optimize the structure of expenses and improve the efficiency of resource utilization.** In terms of R&D expenses, we are committed to improving R&D efficiency, building a unified core technology platform, and realizing the sharing and reuse of existing technology bases among different product lines. This not only shortens the R&D cycle of new products and reduces repeated R&D investment but also promotes technological iteration and innovation of the whole product matrix, forming a scale effect on R&D investment.

- **We implemented measures to optimize management expenses.** We have promoted operational streamlining and efficiency improvement, optimized the organizational structure, and improved the efficiency of internal management and decision-making. By strengthening the refined management of various administrative expenses, we have reduced expenditure and realized better allocation of management resources.

- **We focus on efficiency and cost-effectiveness for sales expenses.** We optimize the sales channels, adjust the structure of sales expenses and focus on key customer development. While ensuring the effect of market expansion and sales promotion, we have effectively controlled the growth rate of sales expenses, further improving the operating leverage effect and overall profitability.