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Application Proof of

Hefei Kuxin Microelectronics Co., Ltd.*

合肥酷芯微電子股份有限公司

(the “Company”)

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

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Hefei Kuxin Microelectronics Co., Ltd.*

合肥酷芯微電子股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the [REDACTED])
the [REDACTED]
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED]
(payable in full in Hong Kong dollars on application plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and subject to refund and the Stock Exchange trading fee of 0.00565%)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED], [REDACTED] and [REDACTED]



華泰國際
HUATAI INTERNATIONAL

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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED] or such later date as may be agreed by the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company but in any event no later than 12:00 noon on [REDACTED]. The [REDACTED] will be not more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. Applicants for [REDACTED] may be required to pay, on application (subject to application channels), the Maximum [REDACTED] of HK\$[REDACTED] per [REDACTED] together with brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] should be less than HK\$[REDACTED] per H Share. If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on or before 12:00 noon on [REDACTED], the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

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[REDACTED] should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong SAR and that there are different risk factors relating to investments in PRC-incorporated companies. [REDACTED] should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong SAR and should take into consideration the different market nature of our H Shares. Such differences and risk factors are set out in “Risk Factors”, “Regulatory Overview” and “Appendix III — Summary of the Articles of Association of the Company” in this Document. Prior to making an [REDACTED] decision, [REDACTED] should consider carefully all of the information set out in this Document, including the risk factors set out in “Risk Factors”.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain grounds arise prior to [8:00 a.m.] on the [REDACTED]. Further details of such circumstances are set out in “[REDACTED]”.

[REDACTED]

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ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this Document to the public in relation to the [REDACTED].

This Document is available at the websites of our Company at www.artosvn.cn and the Stock Exchange at www.hkexnews.hk. If you require a printed copy of this Document, you may download and print from the website addresses above.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

This Document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] [REDACTED] by this Document pursuant to the [REDACTED]. This Document may not be used for the purpose of marketing, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong SAR and no action has been taken to permit the distribution of this Document in any jurisdiction other than Hong Kong SAR. The distribution of this Document and the [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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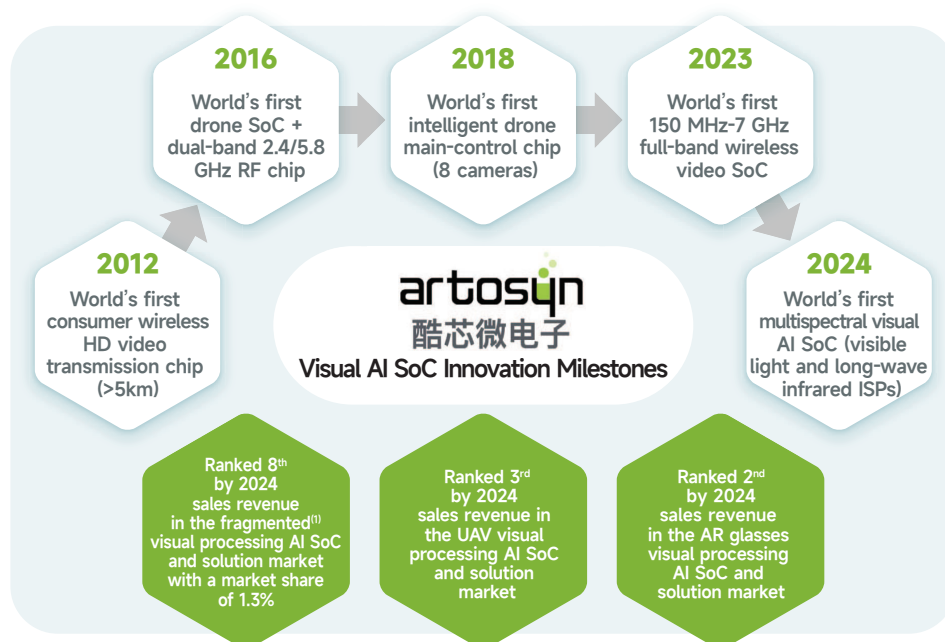
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SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors”. You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this Document.

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.

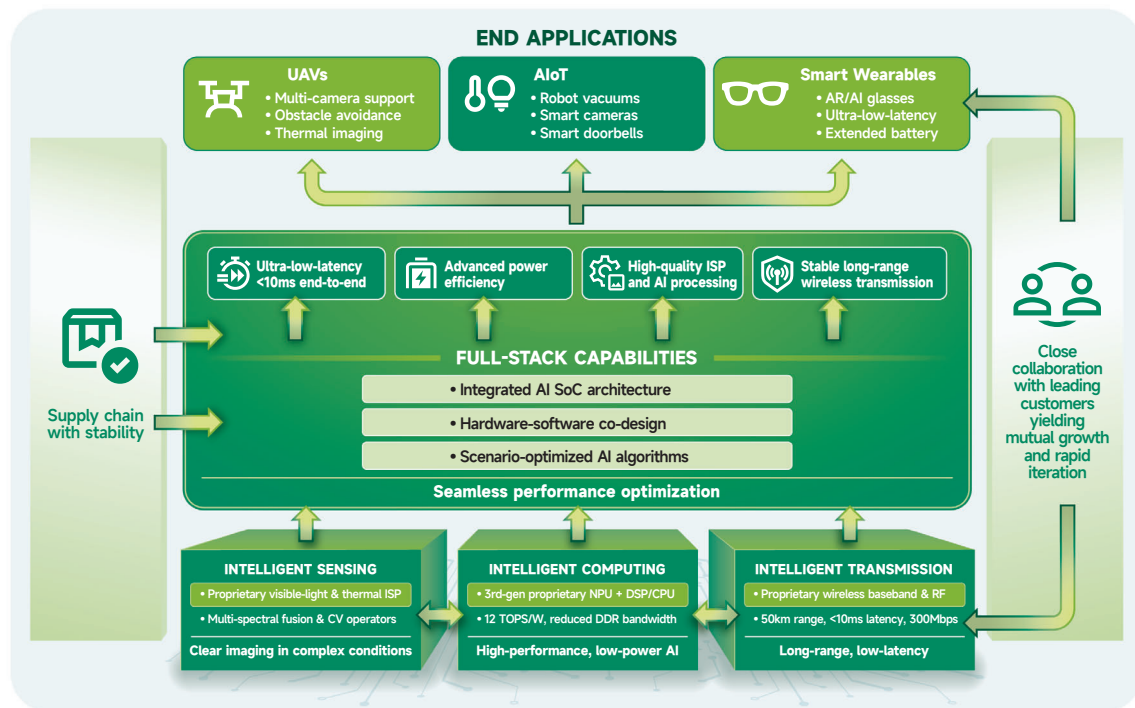
SUMMARY

OUR BUSINESS MODEL

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 core technology IPs and incorporate new application requirements more efficiently.

Guided by market insights, we empower customers in UAVs, AIoT and smart wearables with visual processing solutions devised 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.

The following diagram illustrates our business structure.



OUR MISSION

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

SUMMARY

OUR VISION

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

COMPETITIVE LANDSCAPE AND MARKET OPPORTUNITY

We operate across three core application scenarios — UAVs, AIoT and smart wearables — where visual processing AI SoCs play critical roles in intelligent control, video transmission and on-device edge computing. The visual processing AI SoC and solution market has recorded significant growth in both China and global markets, supported by broader adoption of high-performance visual computing in multiple application scenarios. In China, the visual processing AI SoC product and solution market grew from RMB8.3 billion in 2020 to RMB34.3 billion in 2024, representing a CAGR of 42.4%, driven by increasing adoption in downstream applications including UAVs, smart wearables, security analysis, AIoT terminals, as well as new energy vehicles. Supported by continued expansion of application scenarios and improvements in industry supply capabilities, the China market is projected to reach RMB99.3 billion by 2029, with a CAGR of 24.7% between 2025 and 2029. Globally, the visual processing AI SoC product and solution market increased from RMB14.6 billion in 2020 to RMB55.9 billion in 2024, achieving a CAGR of 39.8%, and is expected to further expand to RMB148.3 billion by 2029, with a CAGR of 22.8% over the forecast period, as visual processing AI SoC product and solutions continue to penetrate a wide range of end-use markets.

As demand increasingly shifts from standalone SoCs toward integrated, scenario-optimized solutions, our vertically integrated capabilities across IC design, proprietary IP and algorithm optimization enable us to deliver differentiated products tailored to fragmented application scenarios where specialized, locally optimized solutions outperform general-purpose alternatives.

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.

SUMMARY

- 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 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 our proprietary IPs and software as well as product design services, facilitating deep collaboration and system-level integration.

The following table sets forth a breakdown of our revenue by products and price range, or the upper-limit of the price range of our major products, as applicable, for the periods presented.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	RMB per Unit	RMB'000	RMB per Unit	RMB'000 (Unaudited)	RMB per Unit (Unaudited)	RMB'000 (Unaudited)	RMB per Unit (Unaudited)
SoC products								
UAVs	65,835	—	276,636	—	233,773	—	193,784	—
UAV — Chips	4,078	62.0–263.0	4,794	45.8–267.4	1,849	61.9–267.0	41,884	37.1–261.1
UAV — Modules	61,757	174.7–2,465.5	271,842	127.4–2,998.6	231,924	127.4–3,057.1	151,900	127.4–2,831.9
AIoT	34,530	—	153,879	—	98,593	—	112,028	—
AIoT — Chips	12,884	33.4–177.0	46,398	45.2–223.4	26,197	45.2–214.7	47,211	29.8–159.3
AIoT — Modules	21,646	69.5–2,920.4	107,481	69.5–3,362.8	72,396	69.5–2,846.6	64,817	69.5–3,308.0
Smart Wearables — Chips	43	No more than 120.0	4,383	No more than 150.0	903	No more than 150.0	6,896	No more than 220.0
Subtotal	100,408		434,898		333,269		312,708	
Technology Services⁽¹⁾	4,673		13,799		10,080		28,589	
Total	105,081		448,697		343,349		341,297	

Note:

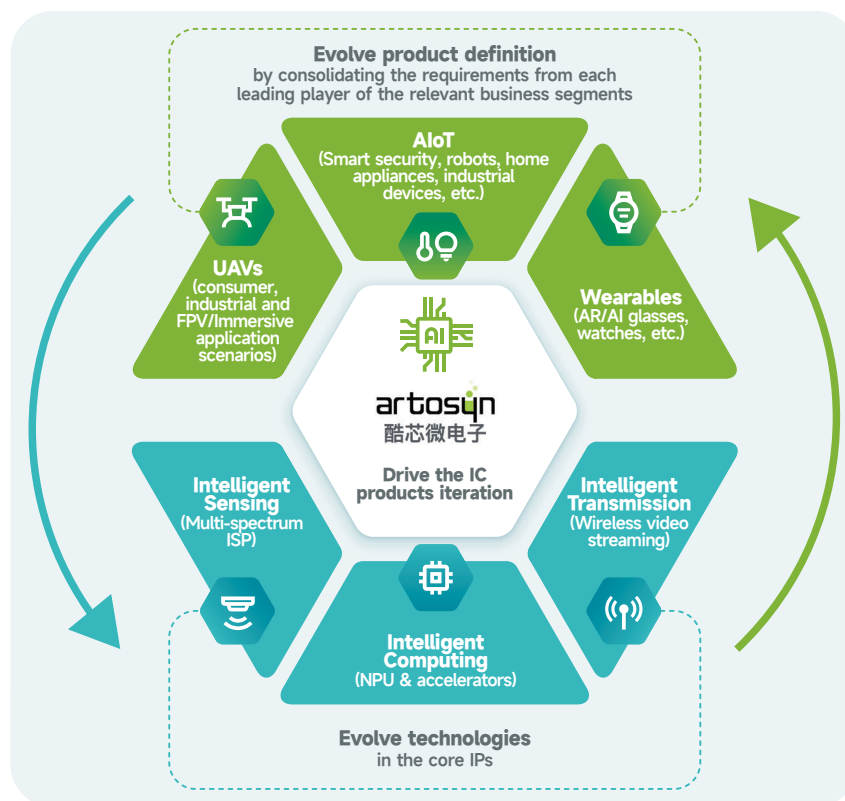
(1) Technology services primarily consist of non-recurring engineering such as product design services and IP incomes.

SUMMARY

OUR TECHNOLOGIES AND VALUE PROPOSITION

Our technologies and value proposition are founded on robust full-stack in-house R&D capabilities and a forward-looking approach to product defining. We have established a strong technical foundation spanning intelligent sensing, computing and transmission through solid IC architecture design, deep vertical integration of high-performance SoC architectures, proprietary core technology IPs, and dedicated algorithms and software. This integrated technology stack enables us to deliver visual processing AI SoC and wireless video transmission SoC products and solutions that achieve an advanced balance among performance, power efficiency.

The following diagram illustrates our value propositions.



Our technologies are centered on next-generation IC architectures and platform-level integration designed to support advanced edge-AI workloads. Our current development includes the AR95 series, which adopts an advanced process to improve power efficiency, cost structure and on-device AI inference performance for smart wearables and multimodal edge-AI applications. We have also developed the AR804X series, a highly integrated platform that combines image signal processing, AI computation and wireless transmission to support autonomous platforms such as drones and robotics. In parallel, we are advancing technologies in areas including in-memory computing SoCs and AI application processors SoCs for edge computing use cases, further strengthening our architecture depth and system-level integration capabilities.

SUMMARY

Building on these attributes, we enable customer product innovation through differentiated and forward-looking product specifications that are defined early in the development cycle. Our product defining capability, supported by our comprehensive portfolio of proprietary core technology IPs, fundamentally differentiates us from peers that rely primarily on standardized solutions. Through this approach, we have established a proven track record of world-first innovations that have empowered leading customers to achieve competitive advantages and market leadership within their respective segments.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success:

- Leader in pioneering visual processing AI SoCs and solutions in China
- Well-recognized first-mover with strong industry expertise
- Solid technology matrix fueling innovations
- Robust engineering capabilities supported by solid supply chain
- Strong management and R&D team with deep industry roots

OUR STRATEGIES

We will focus on the following key strategies to achieve our mission and vision:

- Enhancing market leadership through continuous product iterations and SoC product portfolio upgrade
- Advancing frontier technologies with strategic partners
- Exploring diverse growth paths in partnership with industry leaders in multiple product areas
- Exploring investment and acquisition opportunities
- Expanding overseas to building a world-class brand

SUMMARY

RESEARCH AND DEVELOPMENT

We operate a customer-driven research and development model underpinned by a strong engineering culture, with a focus on early-stage product defining, close collaboration and disciplined execution across the full product lifecycle. By engaging customers from the earliest stages of product planning, we incorporate evolving application requirements directly into our R&D roadmap and define SoC architectures early in the commercialization cycle, supporting demand from smart device markets such as UAVs, AIoT and smart wearables.

We are strategically investing in next-generation IC architectures to secure our technological leadership in key growth markets. Our recent R&D focus is on two core series designed to advance performance and enable new applications. See “Business — Research and Development” for more details on our two ongoing R&D projects.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Track Record Period, our customers primarily consisted of direct sales customers who were mainly UAV companies, technology manufacturers, and distributors. We generated revenue of RMB76.0 million, RMB341.7 million and RMB200.4 million from the provision of SoC products and technology services 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.

Major Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) foundries and module manufacturers and (ii) packaging and testing service providers. 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, 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.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information as of and for the years ended December 31, 2024 and the nine months ended September 30, 2025. We have derived this summary from our financial information set forth in the Accountants’ Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section headed “Financial Information”.

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

	Year ended December 31, 2023		2024		Nine months ended September 30, 2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Revenue	105,081	100.0	448,697	100.0	343,349	100.0	341,297	100.0
Cost of sales	<u>(93,363)</u>	<u>(88.8)</u>	<u>(304,266)</u>	<u>(67.8)</u>	<u>(235,717)</u>	<u>(68.7)</u>	<u>(190,189)</u>	<u>(55.7)</u>
Gross profit	11,718	11.2	144,431	32.2	107,632	31.3	151,108	44.3
Other net income	5,234	5.0	5,180	1.2	1,027	0.3	4,020	1.2
Selling and marketing costs	(29,172)	(27.8)	(29,662)	(6.6)	(18,686)	(5.4)	(20,657)	(6.1)
Administrative expenses	(73,613)	(70.1)	(67,551)	(15.1)	(52,388)	(15.3)	(21,634)	(6.3)
Research and development costs	<u>(136,546)</u>	<u>(129.9)</u>	<u>(139,884)</u>	<u>(31.2)</u>	<u>(82,652)</u>	<u>(24.1)</u>	<u>(62,012)</u>	<u>(18.2)</u>
(Loss)/profit from operations	<u>(222,379)</u>	<u>(211.6)</u>	<u>(87,486)</u>	<u>(19.5)</u>	<u>(45,067)</u>	<u>(13.1)</u>	<u>50,825</u>	<u>14.9</u>
Changes in the carrying amount of redemption liabilities	(85,553)	(81.4)	(127,634)	(28.4)	(110,563)	(32.2)	(51,085)	(15.0)
Other finance costs	<u>(341)</u>	<u>(0.3)</u>	<u>(1,129)</u>	<u>(0.3)</u>	<u>(596)</u>	<u>(0.2)</u>	<u>(2,000)</u>	<u>(0.6)</u>
Finance costs	<u>(85,894)</u>	<u>(81.7)</u>	<u>(128,763)</u>	<u>(28.7)</u>	<u>(111,159)</u>	<u>(32.4)</u>	<u>(53,085)</u>	<u>(15.6)</u>
Loss before taxation	(308,273)	(293.4)	(216,249)	(48.2)	(156,226)	(45.5)	(2,260)	(0.7)
Income tax	<u>—</u>	<u>0.0</u>	<u>(32)</u>	<u>0.0</u>	<u>—</u>	<u>0.0</u>	<u>(17)</u>	<u>0.0</u>
Loss for the year/period	<u>(308,273)</u>	<u>(293.4)</u>	<u>(216,281)</u>	<u>(48.2)</u>	<u>(156,226)</u>	<u>(45.5)</u>	<u>(2,277)</u>	<u>(0.7)</u>
Loss per share								
Basic and Diluted (RMB)	<u>(11.40)</u>		<u>(7.96)</u>		<u>(5.75)</u>		<u>(0.08)</u>	
Loss for the year/period	(308,273)	(293.4)	(216,281)	(48.2)	(156,226)	(45.5)	(2,277)	(0.7)
Other comprehensive income for the year/period								
Item that is or may be reclassified subsequently to profit or loss:								
Exchange differences on translation of:								
— financial statements of an overseas subsidiary	<u>7</u>		<u>29</u>		<u>(1)</u>		<u>(47)</u>	
Total comprehensive income for the year/period	<u>(308,266)</u>	<u>(293.4)</u>	<u>(216,252)</u>	<u>(48.2)</u>	<u>(156,227)</u>	<u>(45.5)</u>	<u>(2,324)</u>	<u>(0.7)</u>

SUMMARY

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit (non-HKFRS measure) as profit for the years/period adjusted by adding back changes in the carrying amount of redemption liabilities and equity-settled share-based transactions, which are non-cash items. We exclude changes in the carrying amount of redemption liabilities, which primarily relate to the ordinary shares with redemption rights issued to investors, which will be converted into equity of the Company upon [REDACTED], and equity-settled share-based payment expenses, as such changes are non-recurring in nature. Therefore, these items are added back to the adjusted net profit (non-HKFRS measure) with a view to eliminating the potential impacts of such items. Our Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to [REDACTED] and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit (non-HKFRS measure) is not a measure required by, or presented in accordance with, HKFRS. The use of adjusted net profit (non-HKFRS measure) has limitations as an analytical tool, which should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

The following table reconciles our adjusted net profit for the years (non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended December 31,		For the nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Loss for the year/period	(308,273)	(216,281)	(156,226)	(2,277)
Add:				
Changes in the carrying amount of redemption liabilities	85,553	127,634	110,563	51,085
Equity-settled share-based payment expenses	37,954	79,495	36,371	(1,847)
Adjusted net profit/(loss) (non-HKFRS measure)	(184,766)	(9,152)	(9,292)	46,961

SUMMARY

Revenue

For the years ended December 31, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our total revenue amounted to RMB105.1 million, RMB448.7 million, RMB343.3 million and RMB341.3 million, respectively.

Revenue by products

We derived revenues mainly from (i) sales of SoC products, including chips and modules and (ii) provision of technology services. Our revenue from the sales of SoC products consists of sales of products applied to three core end-products: UAVs, AIoT and smart wearables. Our revenue from the sales of SoC products increased significantly in 2024, due to several reasons: (i) general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, (ii) growth in sales in all product segments. In turn, such increase was tied to our relevant product development stage whereby we commenced mass production and volume deliveries for new generation products commencing in 2024, and (iii) we commenced sales of products applied to smart wearables in the AR market, which expanded our products’ end application scenarios and our customer base, contributing further to revenue growth. Our revenue from the sales of SoC products remained relatively stable at RMB333.3 million and RMB312.7 million in the nine months ended September 30, 2024 and 2025, respectively.

Our revenue from provision of technology services consists of both product design services and IP incomes. Our revenue from technology services increased significantly from RMB4.7 million in 2023 to RMB13.8 million in 2024 mainly because of the recognition of income from IP licensing, amounting to RMB8.3 million. Our revenue from technology services increased from RMB10.1 million in the nine months ended September 30, 2024 to RMB28.6 million in the nine months ended September 30, 2025, primarily due to the increase of product design services for smart wearables products.

Revenue by sales channel

We primarily promote and sell our SoCs and technology services through direct sales, while distribution sales to customers constitute a smaller portion of our sales. For further details of our sales network, please see “Business – Our Customers – Distribution” in this Document.

The following table sets forth our revenue breakdown by sales channel in absolute amount and as a percentage of our total revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Direct sales	101,717	96.8%	277,545	61.9%	191,338	55.7%	297,796	87.3%
Distribution sales	3,364	3.2%	171,152	38.1%	152,011	44.3%	43,501	12.7%
Total	105,081	100.0%	448,697	100.0%	343,349	100.0%	341,297	100.0%

SUMMARY

Gross Profit and Gross Profit Margin

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our gross profit was RMB11.7 million, RMB144.4 million, RMB107.6 million and RMB151.1 million, respectively, and our gross profit margin was 11.2%, 32.2%, 31.3% and 44.3%, respectively. The following table sets forth our gross profit and gross margin for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Revenue	105,081	448,697	343,349	341,297
Cost of sales	(93,363)	(304,266)	(235,717)	(190,189)
Gross profit	11,718	144,431	107,632	151,108
Gross profit margin	11.2%	32.2%	31.3%	44.3%

Gross profit and gross profit margin by products

The following table sets forth a breakdown of our gross profit and gross profit margin by products and services for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2024 and 2025.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
SoC products								
UAVs	9,012	13.7	90,875	32.9	74,200	31.7	84,130	43.4
UAV — Chips	1,233	30.2	2,700	56.3	898	48.6	28,284	67.5
UAV — Modules	7,779	12.6	88,175	32.4	73,302	31.6	55,846	36.8
AIoT	4,773	13.8	53,390	34.7	33,741	34.2	42,397	37.8
AIoT — Chips	1,811	14.1	10,340	22.3	3,385	12.9	17,584	37.2
AIoT — Modules	2,962	13.7	43,050	40.1	30,356	41.9	24,813	38.3
Smart Wearables —								
Chips	(11)	(25.6)	231	5.3	106	11.7	1,681	24.4
Technology Services⁽¹⁾	(2,056)	(44.0)	(65)	(0.5)	(415)	(4.1)	22,900	80.1

Note:

(1) Technology services primarily consist of non-recurring engineering such as product design services and IP incomes.

SUMMARY

During the Track Record Period, the gross profit and gross profit margin of our UAV — Chips, AIoT SoC products, Smart Wearables — Chips increased materially. The increase was largely attributable to our product development cycle, whereby we commenced to introduce new generation SoC products in 2024 that contributed positively to our gross profit and gross profit margin.

Similarly, the gross profit and gross profit margin for our technology services segment also increased substantially in the nine-months ended September 30, 2025. Material changes in our gross profit and gross profit margin for our technology services segment was due to the type of services we provided. In 2023 and 2024, our technology services were mainly to aid our customers’ product development, which were often offered as auxiliary services to our product sales. The material increase in our gross profit and gross profit margin for the nine-months ended September 30, 2025 was attributable to our product design services for smart wearable products. Such design services include IP and chip customization.

On the other hand, while the gross profit margin for our UAV-Modules increased during the Track Record Period, the gross profit for such product segment decreased during the nine-months ended September 30, 2025 when compared to the same period in 2024. Such result was mainly due to switching supplier and we had to complete the engineering phase of production, which in turn, limited our product supply. Under such circumstance, we elected to prioritize sales to strategic customers and our gross profit was affected accordingly.

Summary of Consolidated Statements of Financial Position

	Year ended December 31, 2023 RMB'000 2024 RMB'000 Nine months ended September 30, 2025 RMB'000 (Unaudited)		
Total non-current assets	79,006	103,623	88,659
Total current assets	199,937	281,089	325,549
Total non-current liabilities	—	7,243	5,434
Total current liabilities	1,458,308	1,693,591	1,729,067
Net current liabilities	(1,258,371)	(1,412,502)	(1,403,518)
Net liabilities	(1,179,365)	(1,316,122)	(1,320,293)

SUMMARY

As of September 30, 2025, we had net current liabilities of RMB1,403.5 million, as compared to RMB1,412.5 million as of December 31, 2024, primarily due to (i) an increase of RMB51.1 million in the carrying amount of the redemption liabilities, and (ii) a decrease of RMB47.3 million of cash and cash equivalents, partially offset by (i) an increase of RMB39.6 million of inventories and (ii) an increase of RMB52.1 million of trade and other receivables.

As of December 31, 2024, we had net current liabilities of RMB1,412.5 million, as compared to RMB1,258.4 million as of December 31, 2023, primarily due to (i) an increase RMB127.6 million of the carrying amount of the redemption liabilities, (ii) an increase of RMB59.7 million of loans and borrowings, primarily to supplement cash flow in support of operations, and (iii) an increase of RMB49.3 million of trade and other payables. These increases were partially offset by an increase of RMB55.9 million of cash and cash equivalents.

Our net current liabilities and net liabilities during the Track Record Period was largely attributable to changes in our redemption liabilities, as it constituted a major component of our current liabilities and net liabilities. As our redemption liabilities are tied to the ordinary shares with redemption rights issued to investors which shall be converted into equity of the Company upon [REDACTED], such item shall not affect our liquidity upon conversion of such shares.

SUMMARY

Summary of Consolidated Statements of Cash Flows

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	----- (142,461) -----	----- 45,453 -----	----- 3,691 -----	----- (40,457) -----
Net cash used in investing activities	----- (43,105) -----	----- (41,659) -----	----- (26,022) -----	----- (12,433) -----
Net cash (used in)/generated from financing activities	===== (6,620) =====	===== 51,970 =====	===== 33,807 =====	===== 5,534 =====
Net (decrease)/increase in cash and cash equivalents	(192,186)	55,764	11,476	(47,356)
Effect of foreign exchange rate changes	7	101	13	73
Cash and cash equivalents at beginning of the year/period	<u>285,434</u>	<u>93,255</u>	<u>93,255</u>	<u>149,120</u>
Cash and cash equivalents at end of the year/period	<u>93,255</u>	<u>149,120</u>	<u>104,744</u>	<u>101,837</u>

We had net operating cash inflow of RMB45.5 million in 2024. In 2023, we had net operating outflow of RMB142.5 million, primarily attributable to loss before taxation of RMB308.3 million, adjusted changes in working capital, which primarily resulted from (i) an increase in inventories of RMB5.6 million and (ii) decrease in other non-current assets of RMB5.3 million partially offset by non-cash and non-operating items. In the nine months ended September 30, 2025, we had net operating outflow of RMB40.5 million, primarily attributable to our loss before taxation of RMB2.3 million, as adjusted by changes in working capital, which primarily result from (i) an increase in trade and other receivables of RMB52.2 million and (ii) an increase in inventories of RMB47.5 million, partially offset by non-cash and non-operating items.

SUMMARY

Key Financial Ratios

	For the years ended December 31,		For the nine months ended September 30,
	2023	2024	2025 (Unaudited)
Gross profit margin ⁽¹⁾	11.2%	32.2%	44.3%
Current ratio ⁽²⁾	0.14	0.17	0.19
Current ratio (with redemption liabilities removed from current liabilities) ⁽³⁾	2.82	1.57	2.00

Notes:

- (1) Represents gross profit for the period divided by revenue for the same year, expressed as a percentage.
- (2) Current ratio is calculated based on the current assets divided by current liabilities.
- (3) Current ratio is calculated based on the current assets divided by current liabilities (with redemption liabilities removed from current liabilities).

For a detailed discussion of factors affecting our key financial ratios during the Track Record Period, see “Financial Information — Key Financial Ratios”.

[REDACTED]

[REDACTED]

SUMMARY

[REDACTED]

[REDACTED]

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Single Largest Group of Shareholders comprises Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan. Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan is a Pre-[REDACTED] Employee Incentive Platform.

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan dated January 5, 2026, all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alias, the Company’s operation and management, and exercising the Shareholders’ rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou,

SUMMARY

Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. In particular, (i) Shanghai Jixuan is a limited partnership where Mr. Yao serves as the general partner; and (ii) each of Shanghai Lingmou and Shanghai Huimou is a limited partnership where Dr. Shen serves as the general partner. Therefore, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan together form our Single Largest Group of Shareholders. As of the Latest Practicable Date, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan collectively held approximately 32.8% of the total issued share capital of our Company. And upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), they will in aggregate hold approximately [REDACTED]% of the total issued share capital of our Company.

PRE-[REDACTED] INVESTORS

Our Company obtained investment from the Pre-[REDACTED] Investors. For details of the principal terms of the Pre-[REDACTED] Investments and the identity and background of the Pre-[REDACTED] Investors, see “History, Development and Corporate Structure – Pre-[REDACTED] Investments” in this Document.

DIVIDEND

During the Track Record Period, we did not declare any dividends or had a formal dividend policy or a fixed dividend payout ratio. After completion of the [REDACTED], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong. Our future declarations of dividends will be subject to the approval of our Shareholders. See “Risk Factors – Risks Relating to the [REDACTED] – We cannot ensure whether, when, or in what amount we will pay dividends in the future” in this Document.

RISK FACTORS

Our business faces risks, including those set out in the section headed “Risk Factors”. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to invest in our Shares. Some of the major risks that we face include:

- If we fail to respond to market trends or to develop new or enhanced solutions and products in a timely manner, our business, results of operations and prospects may be adversely affected.
- We rely on third-party manufacturing partners, and any adverse developments relating to such partnership may adversely affect our business, financial condition and results of operations.

SUMMARY

- Our R&D efforts are not guaranteed to yield the results we anticipate.
- Cyclical fluctuations in the semiconductor industry may adversely affect our results of operations and cash flows.
- The growth of our business depends on the growth and performance of downstream customers and the end markets they serve, and any volatility or slowdown in such markets may adversely affect our business, financial condition and results of operations.
- Intensifying technological and capability-based competition in the visual processing AI SoC product and solution industry may adversely affect our business, operating results and growth prospects.
- Failure to meet our customers’ quality and reliability requirements may adversely affect our business and financial condition.
- Inaccurate demand forecasting or mismatches between supply and customer demand may adversely affect our operating results.
- Intensifying pricing pressure from downstream markets may adversely affect our revenue, gross profit margin and cash flows.
- Our sales may be affected by seasonality.

[REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this Document), the [REDACTED], [REDACTED] together with the [REDACTED], SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), of which RMB[REDACTED] are expected to be charged to our consolidated statements of comprehensive income and RMB[REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses consist of RMB[REDACTED] [REDACTED]-related expenses and RMB[REDACTED] non-[REDACTED]-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]), representing approximately [REDACTED]% of our [REDACTED] from the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

SUMMARY

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] and expenses payable by us in the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per H Share in this Document. We intend to use the [REDACTED] from the [REDACTED] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED]%, or HK\$[REDACTED], will be used for further upgrade of our SoC product portfolio. We plan to develop products with enhanced performance, greater efficiency, and stronger competitiveness, based on our existing and market-validated product.
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for supporting product applications in our targeted usage scenario, including consumer and industrial UAVs, AIoT applications including cameras as well as consumers and industrial robotics, and smart wearables devices such as AR/AI glasses and smartwatches.
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for investment and acquisition activities, in which we aim to identify and invest in targets with potential synergistic effects.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED] million, will be used for the working capital and general corporate purposes.

For further details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this Document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

In December 2025, our Company completed the series C financing through equity transfers and capital increases. For further details, please refer to “History, Development and Corporate Structure — Pre-[REDACTED] Investments”.

Our Directors confirm that, since September 30, 2025 (being the latest end date of the periods reported in the Accountants’ Report included in Appendix I to this document) and up to the date of this Document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants’ Report in Appendix I to this Document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“Accountants’ Report”	the accountants’ report of the Company, the text of which is set out in Appendix I to this Document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC” or “Accounting and Financial Reporting Council”	the Accounting and Financial Reporting Council of Hong Kong SAR
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on January 13, 2026 with effect from the [REDACTED], and as amended from time to time, a summary of which is set out in the section headed “Summary of the Articles of Association of the Company” in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong SAR) on which banks in Hong Kong SAR are generally open for normal banking business
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Chengdu Kuxin”	Chengdu Kuxin Microelectronics Co., Ltd.* (成都酷芯微電子有限公司), a limited liability company established in the PRC on December 29, 2023, a direct wholly-owned subsidiary of our Company under the process of deregistration, which is expected to be completed in the first quarter of 2026
“China” or “Chinese Mainland” or “PRC”	the People’s Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong SAR, Macau SAR and Taiwan, China

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, or “our Company”	Hefei Kuxin Microelectronics Co., Ltd.* (合肥酷芯微電子股份有限公司), a limited liability company established in the PRC on July 12, 2011 and converted into a joint-stock company with limited liability on December 11, 2025.
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Concert Party Agreement”	the concert party agreement dated January 5, 2026 entered into by Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan; see “History, Development and Corporate Structure – Acting in Concert Arrangement” in this Document for details
“[REDACTED] of Unlisted Shares into H Shares”	the [REDACTED] of [REDACTED] Unlisted Shares into H Shares on a one-for-one basis upon the completion of [REDACTED]. Filing of such [REDACTED] of Unlisted Shares into H shares has been completed with the CSRC on [●], 2026 and an [REDACTED] for H Shares to be [REDACTED] on the Stock Exchange has been made to the Listing Committee
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSDC (Hong Kong)”	China Securities Depository and Clearing (Hong Kong) Company Limited
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Dr. Shen”	Dr. Shen Bo (沈泊), our co-founder, an executive Director, our chief technology officer and a member of our Single Largest Group of Shareholders upon [REDACTED]

DEFINITIONS

“EIT”	the PRC enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the PRC
[REDACTED]	[REDACTED]
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FIL”	Foreign Investment Law (中華人民共和國外商投資法) published by State Council in January 2020
[REDACTED]	[REDACTED]
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant, an Independent Third Party
“Frost & Sullivan Report”	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this Document
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
[REDACTED]	[REDACTED]
“Group”, “our Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants” or “Guide”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“H Share(s)”	overseas [REDACTED] foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be [REDACTED] and [REDACTED] in HK dollars and for which an [REDACTED] has been made for [REDACTED] and permission to [REDACTED] on the Stock Exchange
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“HKFRS”	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong” or “Hong Kong SAR” or “HK SAR”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Hong Kong dollars” or
“HK dollars” or “HK\$”

Hong Kong dollars, the lawful currency of Hong Kong SAR

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Independent Third Party(ies)”

any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Kuxin HK”	Kuxin Microelectronics (Hongkong) Limited (酷芯微電子(香港)有限公司), a limited liability company incorporated in Hong Kong on September 21, 2017, a direct wholly-owned subsidiary of our Company
“Latest Practicable Date”	January 21, 2026, being the latest practicable date for ascertaining certain information in this Document before its publication
[REDACTED]	[REDACTED]
“Listing Committee”	the Listing Committee of the Stock Exchange
[REDACTED]	[REDACTED]
“Listing Rules”	th Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
[REDACTED]	[REDACTED]
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Xu”	Mr. Xu Wei (許維), our chief financial officer, secretary of the Board and a joint company secretary
“Mr. Yao”	Mr. Yao Haiping (姚海平), our co-founder, an executive Director, chairman of the Board, our chief executive officer, and a member of our Single Largest Group of Shareholders upon [REDACTED]
“Mr. Zhong”	Mr. Zhong Qi (鍾琪), our co-founder, an executive Director, our chief operating officer and a member of our Single Largest Group of Shareholders upon [REDACTED]
“Nanjing Kuxin”	Nanjing Kuxin Microelectronics Co., Ltd.* (南京酷芯微電子有限公司), a limited liability company established in the PRC on August 22, 2022, a direct wholly-owned subsidiary of our Company under the process of deregistration, which is expected to be completed in the first quarter of 2026
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Sanctions Legal Advisor”	Commerce & Finance Law Offices, the legal advisors of our Company as to U.S. Outbound Investment Rule, U.S. export control and international sanctions
[REDACTED]	[REDACTED]

DEFINITIONS

“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Advisor”	Jingtian & Gongcheng, our legal advisor as to PRC laws
“Pre-[REDACTED] Employee Incentive Platform(s)”	Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan, or any one of them as the context may requires
“Pre-[REDACTED] Investments”	the Pre-[REDACTED] investments in our Company undertaken by the Pre-[REDACTED] Investors, details of which are set out in the section headed “History, Development and Corporate Structure” in this Document
“Pre-[REDACTED] Investors”	the Pre-[REDACTED] investors, details of which are set out in the section headed “History, Development and Corporate Structure” in this Document
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Document”	this document being issued in connection with the [REDACTED]
[REDACTED]	[REDACTED]
“Reporting Accountants”	KPMG
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SEC”	the Securities and Exchange Commission of the United States

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong SAR
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shanghai Huimou”	Shanghai Huimou Enterprise Management Consulting Partnership (Limited Partnership)* (上海慧眸企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 13, 2019, a Pre-[REDACTED] Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon [REDACTED]
“Shanghai Jixuan”	Shanghai Jixuan Enterprise Management Consulting Partnership (Limited Partnership)* (上海基璇企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on July 3, 2019, a Pre-[REDACTED] Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon [REDACTED]
“Shanghai Kuxin Intelligent”	Shanghai Kuxin Intelligent Technology Co., Ltd.* (上海酷芯智能科技有限公司), a limited liability company established in the PRC on September 6, 2019, a direct wholly-owned subsidiary of our Company
“Shanghai Kuxin Semiconductor”	Shanghai Kuxin Semiconductor Co., Ltd.* (上海酷芯半導體有限公司), a limited liability company established in the PRC on September 20, 2022, a direct wholly-owned subsidiary of our Company
“Shanghai Lingmou”	Shanghai Lingmou Enterprise Management Consulting Partnership (Limited Partnership)* (上海靈眸企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on May 28, 2019, a Pre-[REDACTED] Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon [REDACTED]
“Shanghai Yingmou”	Shanghai Yingmou Intelligent Technology Co., Ltd.* (上海迎眸智能科技有限公司), a limited liability company established in the PRC on May 24, 2019, a Pre-[REDACTED] Employee Incentive Platform and a member of our Single Largest Group of Shareholders upon [REDACTED]
“Shanghai Yuegan”	Shanghai Yuegan Enterprise Management Consulting Partnership (Limited Partnership)* (上海閱感企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on October 8, 2023 and a Pre-[REDACTED] Employee Incentive Platform

DEFINITIONS

“Shanghai Zehan”	Shanghai Zehan Enterprise Management Consulting Partnership (Limited Partnership)* (上海澤漢企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 5, 2019
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of RMB1.00 each
“Shareholder(s)”	holder(s) of our Share(s)
“Single Largest Group of Shareholders”	our single largest group of Shareholders upon [REDACTED], referring to Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, further details of which are set out in the section headed “Relationship with Our Single Largest Group of Shareholders” in this Document
[REDACTED]	[REDACTED]
“Sole Sponsor”	Huatai Financial Holdings (Hong Kong) Limited
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

“United States” or the “U.S.”

the United States of America, its territories, its possessions and all areas subject to its jurisdiction

“Unlisted Shares”

ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi

“VAT”

value-added tax

“%”

per cent

Unless otherwise specified or the context otherwise requires:

1. *statements contained in this Document assume no exercise of the [REDACTED];*
2. *all times refer to Hong Kong SAR time;*
3. *references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and*
4. *all data in this Document is as of the date of this Document.*

In this Document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder/single largest group of shareholders” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

In this Document, “” denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain terms used in this Document in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“2T2R”	a wireless transmission configuration with two transmit antennas (2T) and two receive antennas (2R);
“3DoF”	three degrees of freedom, a form of motion tracking that supports rotational movement along three axes, typically pitch, yaw and roll, without positional tracking;
“5G”	fifth generation of mobile network technology;
“AI”	artificial intelligence;
“accelerator”	a hardware component, typically a card, that enhances computing performance by transferring specific tasks from the central processing unit to specialized processors;
“ADC(s)”	analog-to-digital converter(s), which are utilized in automobile systems to transform analog signals from different sensors into digital data;
“AES”	Advanced Encryption Standard, a symmetric encryption algorithm widely used for data security;
“AI model”	an algorithm that relies on training data to recognize patterns and make predictions or decisions;
“AIoT”	artificial intelligence of things, referring to the integration of artificial intelligence technologies with Internet of Things devices to enable intelligent data processing and decision-making at the device or system level;
“algorithm”	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer;
“AR/VR”	augmented reality and virtual reality, which respectively refer to a technology that overlays real-time 3D-rendered computer graphics onto a portion of the real world through a display and a simulated experience that employs 3D near-eye displays and pose tracking to give the user an immersive feel of a virtual world artificial intelligence generated content;

GLOSSARY OF TECHNICAL TERMS

“bandwidth”	the data transmission capacity of a communication channel over a given period of time;
“baseband”	the core signal processing component in wireless communication systems responsible for handling baseband signals;
“Bluetooth”	short-range wireless communication technology that allows devices to exchange data over radio waves;
“Boot ROM”	read-only memory that stores initial boot code used to initialize hardware and load system software during device startup;
“Bus”	refers to the internal data communication pathway that enables data transfer among functional modules;
“CAGR”	compound annual growth rate;
“Camera-to-display latency”	the time delay between the capture of visual data by a camera sensor and the display of the corresponding image on a screen;
“CE”	Conformité Européenne, a marking indicating conformity with applicable European Union regulatory requirements;
“chip(s)”	a piece of silicon that contains integrated circuits used to perform electronic functions in devices;
“CIS”	CMOS image sensor, a semiconductor device that captures images by converting light into electrical signals, widely used in smartphones, digital cameras and automobiles;
“CMOS”	complementary metal-oxide semiconductor, a technology used in the design and manufacturing of ICs;
“CNN(s)”	convolutional neural networks, a class of deep learning models commonly used for tasks such as image and video analysis by applying convolutional operations to extract hierarchical features from input data;
“Codec”	coder-decoder, a device or software that encodes or decodes digital data streams, especially for compressing and decompressing audio or video signals in processing applications;
“Confluence”	Atlassian Confluence, a collaboration and documentation platform developed by Atlassian, used to create, manage and share project documentation, technical specifications, development records and internal knowledge bases;

GLOSSARY OF TECHNICAL TERMS

“CP/FT testing”	refers to Circuit Probe testing and Final Testing, which are critical stages in the semiconductor manufacturing process. CP testing is conducted at the wafer level to verify chip functionality prior to packaging, while FT testing is performed on packaged chips to ensure compliance with performance and quality specifications before shipment;
“CPU”	central processing unit;
“CV”	computer vision, a field of artificial intelligence that enables computers and systems to derive information from images and video data;
“DDR”	Double Data Rate, a type of synchronous dynamic random-access memory (SDRAM) that transfers data on both the rising and falling edges of the clock signal, providing higher bandwidth and performance compared to single data rate memory;
“DDRC”	double data rate memory controller, a hardware module used to manage data access between a processor and DDR memory;
“Demo”	refers to demonstration software, sample applications or prototype implementations developed to showcase the functionality, performance or application scenarios of our products, technologies or algorithms;
“die(s)”	a small block of semiconducting material on which a given functional circuit is fabricated;
“DRAM”	dynamic random access memory, which refers to a type of semiconductor memory widely used in vehicles for various functions like powering displays, handling data from sensors in ADAS systems, and supporting the processing needs of self-driving technologies;
“DSP”	digital signal processor, a specialized processor designed to efficiently perform real-time digital signal processing tasks such as signal filtering, image processing and data transformation;
“DVP”	digital video port, an interface standard used for parallel digital video data transmission between image sensors and processing units;

GLOSSARY OF TECHNICAL TERMS

“ECO”	engineering change order, a formal process used to document, review and implement design modifications during product development and manufacturing;
“EDA”	electronic design automation, a category of software tools for designing electronic systems such as ICs and printed circuit boards. The tools work together in a design flow that chip designers use to design and analyze entire semiconductor chips;
“Edge AI”	technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices;
“eFuse”	embedded fuse, a type of non-volatile memory used to store permanent configuration data such as security keys and device identifiers;
“eMMC”	embedded MultiMediaCard, a type of embedded non-volatile flash memory commonly used for data storage in electronic devices;
“Ethernet”	a family of wired networking technologies commonly used for local area networks to enable data communication between devices;
“fabless”	the design and sale of hardware devices and semiconductor chips while outsourcing their manufacturing services to a specialized manufacturer called a semiconductor foundry;
“fabrication”	the process of manufacturing or constructing products by assembling, shaping, or processing raw materials through various techniques and steps;
“FAE”	field application engineer;
“FCC”	the Federal Communications Commission of the United States, the regulatory authority responsible for regulating interstate and international communications;
“FMEA”	failure mode and effects analysis, refers to a systematic and structured quality management tool used to identify potential failure modes in product design or manufacturing processes, assess their potential effects, and implement preventive or corrective measures to mitigate associated risks;
“foundry”	a specialized factory, also known as a fabrication plant (fab), that manufactures ICs;

GLOSSARY OF TECHNICAL TERMS

“fps”	frames per second;
“FPV”	first-person view, a viewing mode in which visual content captured by a camera is transmitted in real time to a display, allowing the user to experience the perspective of the camera;
“frequency”	the rate at which a power electronic device operates;
“Gbps”	a unit of data transfer rate equal to one billion bits per second;
“general purpose”	the ability to perform a wide range of computing tasks, rather than being optimized for a specific application or workload;
“GHz”	gigahertz, a unit of frequency equal to one billion hertz;
“GIT”	a distributed version control system used to manage, track and coordinate changes to source code and related development files, enabling collaborative software development and code version management;
“glass-to-glass latency”	the end-to-end time delay measured from image capture at the camera sensor to the display of the image on a screen;
“GMAC”	gigabit media access controller, a hardware interface used to support Ethernet communication at gigabit speeds;
“GPIO”	general purpose input/output, referring to programmable digital pins on electronic components that can be configured as either inputs or outputs, allowing for flexible communication with various sensors, actuators, and other devices within a vehicle;
“GPU”	graphics processing unit, a specialized electronic circuit designed to manipulate and alter memory to accelerate the creation of images in a frame buffer intended for output to a display device;
“HD”	high definition;
“HDMI”	High-Definition Multimedia Interface, a digital interface standard used for transmitting high-definition video and audio signals;
“HDR”	high dynamic range;
“HMD”	head-mounted display, a wearable display device positioned in front of the user’s eyes to present visual content, commonly used in augmented reality and virtual reality applications;

GLOSSARY OF TECHNICAL TERMS

“I2C”	inter-integrated circuit, a serial communication protocol commonly used for short-distance communication between integrated circuits;
“image sensor”	a device that detects and conveys information used to form an image;
“integrated circuit” or “IC”	a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components;
“IP”	intellectual property;
“ISO”	the International Organization for Standardization, a worldwide federation of national standards bodies;
“ISO 9001”	a globally recognized standard for quality management. It helps organizations of all sizes and sectors to improve their performance, meet customer expectations and demonstrate their commitment to quality. Its requirements define how to establish, implement, maintain, and continually improve a quality management system (QMS);
“ISP(s)”	Image Signal Processors, specialized components in digital cameras and other imaging devices that process raw image data from the sensor into a usable, high-quality image;
“IT”	information technology, refers to the systems, infrastructure, software and related technological resources used to support our business operations, data processing, communications, information management and overall operational efficiency;
“JIRA”	Atlassian Jira Software, a project and issue tracking software developed by Atlassian, commonly used to manage tasks, bugs, development progress and workflow coordination in software development and quality assurance processes;
“KGD(s)”	known good die, which are individual semiconductor dies that have been fully tested and verified to meet specified performance and quality standards prior to packaging;
“large model”	a neural network architecture enabling it to process complex patterns and relationships across massive datasets;
“LVDS”	low-voltage differential signaling, a high-speed, low-power data transmission standard commonly used for display and data interfaces;

GLOSSARY OF TECHNICAL TERMS

“mass production”	stage at which a product is manufactured in large quantities on a regular basis, following completion of all necessary design, testing, and regulatory requirements;
“MCU”	Microcontroller Unit, a compact integrated circuit designed to perform specific control and management functions within embedded systems;
“Mbps”	megabits per second, a unit of data transfer rate representing one million bits transmitted per second;
“Megabi”	a unit of digital information equal to one million bits, commonly used to measure data size or transmission capacity;
“Megapixel”	a unit of image resolution equal to one million pixels, commonly used to describe the resolution of image sensors and visual data output;
“Mesh Networking”	a network topology in which nodes are interconnected with multiple peers and can dynamically route data through alternative paths, enhancing network resilience, coverage and fault tolerance;
“MHz”	megahertz, a unit of frequency equal to one million hertz;
“MIMO”	multiple-input multiple-output, a wireless communication technology that uses multiple transmitting and receiving antennas to improve data throughput and reliability;
“MIPI”	mobile industry processor interface, a set of industry-standard specifications for high-speed interfaces used to connect components such as image sensors and displays within electronic systems;
“modules”	packaged components that include integrated circuits or other electronic components to build larger systems or devices;
“MR”	mixed reality, a technology that combines elements of both augmented reality and virtual reality by integrating digital content with the physical environment in real time;
“ms”	millisecond, a unit of time equal to one thousandth of a second;
“Multi-spectrum ISP”	an image signal processor designed to support the processing of image data captured across multiple spectral bands, such as visible light and other non-visible spectra;

GLOSSARY OF TECHNICAL TERMS

“NLP”	Natural Language Processing, a branch of artificial intelligence that enables computers to understand, interpret and generate human language;
“nm”	nanometer, a unit of length commonly used to describe semiconductor process technology nodes;
“NPU”	neural processing unit, a specialized hardware accelerator designed to handle complex computing required for AI and machine learning;
“OFDM”	orthogonal frequency-division multiplexing, a digital modulation technique that transmits data over multiple orthogonal subcarriers to improve spectral efficiency and robustness;
“OS”	operating system, system software that manages hardware resources and provides services for application software;
“packaging”	the process of transforming bare semiconductor die (integrated circuit) into a final packaged chip product through a series of technological procedures, while providing physical protection, electrical connection and thermal management;
“patterned wafer”	a wafer with built-on circuits, which are unpackaged when sold. A patterned wafer contains a number of dies, which can be easily turned into chips after subsequent packaging and testing by downstream customers;
“PCB”	printed circuit board, a flat board made from insulating material, typically fiberglass or composite epoxy, onto which conductive pathways (traces) are etched or printed to connect and support electronic components such as chips, resistors, capacitors, and connectors;
“Point-to-Point Networking”	a network communication mode in which data is transmitted directly between two endpoints through a dedicated link, enabling stable and low-latency communication;
“Point-to-Multipoint Networking”	a network communication mode in which a single central node communicates with multiple endpoint nodes simultaneously, allowing efficient distribution of data to multiple receivers;

GLOSSARY OF TECHNICAL TERMS

“Power, Performance, and Area” or “PPA”	a set of key design metrics used in integrated circuit development to evaluate power consumption, computational performance and silicon area efficiency;
“Processing-in-Memory” or “PIM”	an emerging computing architecture that integrates data processing capabilities directly within or near memory to reduce data movement and improve computational efficiency;
“QA”	quality assurance, refers to systematic processes and procedures implemented to ensure that products, software or systems meet defined quality standards and performance requirements;
“QCC”	quality control circle, refers to a participatory quality management approach whereby small groups of employees voluntarily conduct regular activities to identify, analyze and resolve work-related quality issues, with the objective of continuously improving product quality, operational efficiency and workplace processes;
“R&D”	research and development;
“RF”	radio frequency;
“RGB”	red, green and blue, a color model in which colors are represented by varying intensities of red, green and blue light, commonly used in image sensing, processing and display systems;
“RISC-V”	an open-standard reduced instruction set computing (RISC) architecture used for designing processors and system-on-a-chip solutions;
“RSA”	Rivest-Shamir-Adleman, an asymmetric cryptographic algorithm commonly used for secure data transmission and authentication;
“SDI”	Serial Digital Interface, a professional digital video interface standard commonly used in broadcast and film production environments;
“SDK”	software development kit;
“SDRAM”	Synchronous Dynamic Random-Access Memory, a type of dynamic random-access memory that operates in synchronization with the system clock, enabling more efficient and predictable data access compared to asynchronous memory architectures;
“semiconductor”	a solid substance that has a conductivity between that of an insulator and that of most metals, either due to the addition of an impurity or because of temperature effects;

GLOSSARY OF TECHNICAL TERMS

“signal chain”	a series of signal-conditioning electronic components that receive input (data acquired from sampling either real-time phenomena or from stored data) sequentially, with the output of one portion of the chain supplying input to the next;
“SiP”	System-in-Package, a semiconductor packaging technology that integrates multiple integrated circuits, such as SoCs and memory components, into a single package to improve performance, reduce footprint and enhance system integration;
“SLAM”	simultaneous localization and mapping, a technology that enables robots or other autonomous vehicles to build a map of an unknown environment while simultaneously determining their own location within that map;
“SoC”	a System-on-a-Chip, an integrated circuit that combines most or all key components of a computer or electronic system onto a single microchip;
“sq.m.”	square meter(s);
“SRRC”	the State Radio Regulation of China, the regulatory authority responsible for radio frequency management in the PRC;
“substrate”	the base material that provides mechanical support and electrical connections between the chip and the printed circuit board;
“SWaP-optimized system architectures”	system architectures optimized for Size, Weight and Power efficiency;
“tape-out”	the final stage in the IC design process where the completed design layout is delivered to the semiconductor foundry for mask production and manufacturing;
“TDD”	time division duplex, a communication method in which uplink and downlink transmissions share the same frequency band but occur at different time intervals;
“testing”	the process of detecting the electrical performance, functional integrity, reliability, and environmental adaptability of semiconductors using professional testing equipment, so as to screen out qualified products and eliminate defective ones;
“TOPS/W”	tera operations per second per watt, a metric used to measure the energy efficiency of a processor by indicating the number of operations performed per second per unit of power consumption;

GLOSSARY OF TECHNICAL TERMS

“UART”	universal asynchronous receiver-transmitter, a hardware communication protocol used for serial data transmission;
“UAV(s)”	unmanned aerial vehicles, which are aircraft operated without a human pilot on board and may be remotely controlled or operate autonomously using onboard systems;
“wafer”	a thin and round sheet made by slicing a monocrystalline ingot obtained by growing silicon (Si), gallium arsenide (GaAs), and other materials, which is the key material used to create semiconductor integrated circuits; and
“WIP”	work-in-progress, refers to inventories that are in the process of manufacturing but have not yet reached a completed or finished goods stage.

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will”, “expect”, “anticipate”, “estimate”, “believe”, “going forward”, “ought to”, “may”, “seek”, “should”, “intend”, “plan”, “projection”, “could”, “vision”, “goals”, “objective”, “target”, “schedule”, “predict”, “aim”, “intend”, “consider”, “would”, “continue” and “outlook”) are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political, market and economic conditions, including those related to the PRC;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and

FORWARD-LOOKING STATEMENTS

- all other risks and uncertainties described in the section headed “Risk Factors” in this Document.

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

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

RISK FACTORS

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to respond to market trends or to develop new or enhanced solutions and products in a timely manner, our business, results of operations and prospects may be adversely affected.

The visual processing AI SoC product and solution industry is characterized by rapid technological advancement, frequent product iterations and evolving technical standards. Industry developments such as new AI model architectures, upgraded multimedia codecs, emerging wireless transmission protocols and changes in process technologies may render our existing products or technologies less competitive or even obsolete, or require us to incur significant time and resources to modify, upgrade or redesign our products.

Our success depends on our ability to anticipate and respond to changes in industry standards, customer preferences, application requirements and other market dynamics. Faster-than-expected or unforeseen shifts in technology, market demand or end-user application trends may shorten the lifecycle of our existing products or reduce their commercial relevance. We may not be able to timely develop, introduce or commercialize new or enhanced products that meet customer requirements, achieve market acceptance or maintain competitiveness. In addition, we may not be able to accurately predict or promptly respond to emerging technological trends, including trends relating to AI computing, multimedia processing and video process and transmission.

If we fail to keep pace with such developments or if we are unable to access new or critical technologies, we may lose existing customers or fail to attract new ones. Any decline in demand for our products due to competing technologies, shifting customer preferences or other factors may adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

We rely on third-party manufacturing partners, and any adverse developments relating to such partnership may adversely affect our business, financial condition and results of operations.

We are a fabless company focused on SoC design. We rely on third-party foundries, packaging and testing service providers to manufacture our products. We do not own or operate any fabrication, packaging or testing facilities. Although we have established relationships with certain partners, such collaborations are typically based on purchase orders rather than long-term capacity-reservation agreements and therefore do not guarantee dedicated or priority capacity for our products. The production capacity available to us from our manufacturing partners is inherently limited, and our suppliers may allocate capacity to other customers they consider strategically important. Any such event may delay the delivery of our products, limit our ability to meet customer demand, result in the loss of orders and adversely affect our customer relationships.

During the Track Record Period, our procurement of wafers, modules, and packaging services was concentrated among a limited number of key suppliers. For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, purchases from our largest supplier amounted to RMB20.8 million, RMB95.8 million and RMB69.4 million in 2023, 2024 and the nine months ended September 30, 2025, accounting for 12.1%, 27.0% and 30.3% of our total purchase, respectively. Over the same period, purchases from Supplier B, our largest module manufacturer, amounted to RMB11.4 million, RMB95.8 million and RMB42.8 million, accounting for 6.6%, 27.0% and 18.7% of our total purchases for the corresponding periods, respectively.

Reliance on third-party manufacturing partners exposes us to a number of risks, including:

- limited control over delivery schedules, quality assurance, manufacturing yields, production costs and process stability;
- potential delays or restrictions in accessing advanced or specialized process technologies required for our SoC products;
- failure by us or our customers to qualify a selected supplier or specific process technology;
- capacity shortages during periods of industry-wide demand increases;
- shortages or price volatility of key raw materials or components;
- risks relating to confidentiality, data security or potential misappropriation of our intellectual property;
- limited warranties or indemnities relating to the products supplied to us; and
- potential increases in manufacturing, packaging or testing prices.

Our ability to secure sufficient production capacity also depends, to some extent, on the accuracy of our demand forecasts and on the willingness and ability of our key suppliers to allocate capacity to us. If our major wafer suppliers or other manufacturing partners experience capacity shortages, production disruptions, operational issues, equipment constraints, changes in strategic priorities or financial difficulties, or if they are unwilling to continue supplying wafers or services to us on terms

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commercially acceptable to us, we may be required to seek alternative suppliers. Such alternatives may not be readily available, may only be available on less favorable terms, or may require lengthy qualification processes involving significant time and resources.

Many of these factors are beyond our control. Any deterioration in our relationship with our major foundry or other manufacturing partners, or any adverse developments affecting their capacity, operations or financial condition, could cause delays in our production schedules, increase our procurement and manufacturing costs, negatively affect the performance or yields of our products, disrupt our supply chain or impair our ability to meet customer demand. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

Our R&D efforts are not guaranteed to yield the results we anticipate.

The visual processing AI SoC product and solution industry is characterized by continuous technological evolution, increasing functional complexity and rapidly changing customer requirements. To remain competitive, we must continue to invest substantial human and financial resources in developing new products, enhancing existing products and advancing core technologies such as system architecture, AI acceleration, multimedia processing pipelines, RF and connectivity modules and firmware and software toolchains. For details, see “Business – Research and Development” in this Document.

However, there is no assurance that our R&D activities will be successful, completed in a timely manner or translated into commercially viable products. Our R&D efforts may fail due to technical challenges, process limitations, changes in market demand or unforeseen design issues. Even if successful, we may not be able to incorporate the resulting technologies into new products in time to seize market opportunities or to achieve the anticipated performance, power efficiency, cost structure or commercial acceptance. Failure to achieve anticipated R&D outcomes, or delays in R&D progress, could adversely affect our business, financial condition, results of operations and prospects.

Cyclical fluctuations in the semiconductor industry may adversely affect our results of operations and cash flows.

The visual processing AI SoC product and solution market are subject to cyclical fluctuations inherent in the semiconductor industry, which is influenced by global and regional economic conditions, capital expenditure cycles, technological transitions, and industry-wide inventory dynamics. Periods of industry expansion are often followed by periods of slowdown or correction, during which market participants may experience reduced demand, inventory adjustments or pricing pressure.

In particular, fluctuations in macroeconomic conditions may affect overall enterprise investment and semiconductor spending, while inventory corrections or abrupt adjustments in procurement cycles within the visual processing AI SoC product and solution market may lead to volatility in order volumes and revenue recognition. In addition, the rapid pace of technological evolution and frequent product iteration cycles characteristic of the visual processing AI SoC market may accelerate product obsolescence or shift market demand during technology transitions, further contributing to revenue and margin volatility.

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As a result of such cyclical fluctuations, we may experience variability in sales volumes, average selling prices and gross margins from period to period. Any prolonged industry downturn, adverse market conditions or failure of market demand to recover as anticipated could materially and adversely affect our business, financial condition, results of operations and cash flows.

The growth of our business depends on the growth and performance of downstream customers and the end markets they serve, and any volatility or slowdown in such markets may adversely affect our business, financial condition and results of operations.

Our business performance is closely linked to the demand and operating performance of our downstream customers, whose products incorporate our visual processing AI SoCs and solutions. Our products are typically embedded into customers' end devices, and demand for our products depends on the commercial success, shipment volumes and product life cycles of such downstream products. During the Track Record Period, our customers operated in a range of application scenarios, including intelligent UAVs, AIoT, smart wearables devices and other intelligent terminal products. As a result, fluctuations in demand within these downstream markets may directly affect our product shipment volumes, revenue growth and inventory planning.

The growth and performance of our downstream customers and the industries they serve are influenced by a number of external factors beyond our control, including changes in macroeconomic conditions, consumer spending patterns, technological trends, product replacement cycles, regulatory developments, supply chain disruptions, trade restrictions and competitive dynamics in the relevant end markets. In addition, our customers may adjust their procurement plans due to factors such as inventory optimization, changes in product strategies, delays or failures in new product launches, shifts in technological roadmaps or reduced capital expenditure, any of which may result in reduced or delayed demand for our products.

Intensifying technological and capability-based competition in the visual processing AI SoC and solution industry may adversely affect our business, operating results and growth prospects.

The global visual processing AI SoC and solution industry is highly competitive, and competition is expected to intensify as incumbent players broaden their product portfolios and emerging companies introduce alternative architectures or next-generation technologies. In our target markets – such as UAVs, AIoT and smart wearables – competition arises not only from established international semiconductor companies, but also from other domestic SoC design companies that are rapidly enhancing their engineering capabilities and accelerating product iteration.

Many of our existing and potential competitors possess significant competitive advantages, including deeper research and engineering resources, broader technological ecosystems, stronger brand recognition, more extensive experience in advanced process technologies, and well-established global partnerships. These competitors may be able to respond more rapidly to evolving technical standards, adopt new architectures earlier, or bring next-generation products to market ahead of us.

As visual intelligence technologies continue to evolve rapidly, driven by advances such as multimodal large models and next-generation AI architectures, the scope and application of AI-enabled visual solutions are expected to further expand. In this context, competitors may increase investment in

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related AI and visual intelligence technologies, adopt more advanced design methodologies, strengthen vertically integrated capabilities or form strategic collaborations to enhance their technical competitiveness.

Our ability to compete effectively depends on various factors, including:

- the performance, power efficiency, integration level, scalability and pricing of our products relative to competing solutions;
- our ability to anticipate technological changes and introduce new or enhanced products in a timely manner;
- the strength and stability of our relationships with customers, distributors, ecosystem partners and manufacturing service providers;
- our ability to attract and retain talent in key areas such as system architecture, AI inference optimization, multimedia processing, radio frequency design and software toolchains; and
- competitors' strategic actions, such as mergers and acquisitions, aggressive pricing strategies, ecosystem bundling, new technology standards or shifts toward vertically integrated solutions.

Failure to compete effectively in any of these areas may result in loss of design wins, reduced adoption of our products, weakened customer relationships or diminished growth opportunities, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Failure to meet our customers' quality and reliability requirements may adversely affect our business and financial condition.

Our success depends on our ability to deliver products that meet our customers' stringent requirements on quality, reliability, defect rates and performance consistency. Customers in markets such as UAVs, AIoT and smart wearables generally impose strict standards relating to DPPM, product stability across operating conditions, firmware and software compatibility, and long-term reliability. Failure to meet these requirements may undermine customer confidence, harm our reputation and lead to reduced orders or loss of customers.

We rely on third-party service providers in the production and delivery of products. Our customers generally conduct two types of inspection procedures on our products: (i) visual inspection, whereby customers examine the external appearance and packaging of products through visual observation for preliminary assessment; and (ii) sampling inspection, whereby a portion of the products is selected for performance testing to verify compliance with relevant specifications. In the event of any product returns, quality incidents, field failures or warranty claims may result not only in reduced revenue, but also in increased costs for additional manufacturing, logistics handling, failure analysis, corrective actions and potential compensation to customers. In certain cases, we may also be required to bear the cost of field deployment failures or provide extended technical support, which could increase our operating expenses.

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Persistent quality or reliability issues could result in the termination of customer relationships, loss of future business opportunities, erosion of our market position or reputational harm, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

Inaccurate demand forecasting or mismatches between supply and customer demand may adversely affect our operating results.

We make production planning and resource allocation decisions, including wafer orders, production schedules, staffing, procurement of components and engagement of manufacturing partners, based on orders and estimates of customer demand. If we overestimate demand, we may accumulate excess or slow-moving inventory. Given the rapid evolution of semiconductor technologies and the potential for quick transitions in customer product roadmaps, certain inventory may become obsolete before it is sold. Excess or obsolete inventory may require price reductions or write-downs, resulting in additional expenses and negatively impacting our gross margin and financial condition. Conversely, if we underestimate demand or fail to secure sufficient production capacity from our foundry or packaging and testing partners, we may be unable to fulfill customer orders on time. This may result in missed sales opportunities, loss of market share, deterioration of customer relationships and reduced competitiveness. Customers may also adjust or cancel orders due to changes in their downstream markets, further increasing the difficulty of accurate demand forecasting. Any significant mismatch between our production plans and actual customer demand may adversely affect our revenue visibility, operational efficiency and financial performance.

Intensifying pricing pressure from downstream markets may adversely affect our revenue, gross profit margin and cash flows.

We operate in highly competitive markets where product differentiation is limited and customers place significant emphasis on price-performance ratios. As fabless SoC design becomes increasingly commoditized in certain application segments, we may face continued downward pressure on the average selling prices of our products. Competitors may reduce prices aggressively, introduce alternative architectures or offer bundled solutions, which may compel us to lower our prices or offer additional features without commensurate increases in revenue.

Our customers also operate in competitive industries and are often under pressure to reduce the selling prices of their end products. As a result, they frequently request cost reductions, improved performance-power efficiency ratios and higher integration levels from their suppliers, including us. If we fail to satisfy such expectations, whether due to technical limitations, cost constraints or time-to-market considerations, our customer relationships may be adversely affected, and we may experience reduced orders or loss of business opportunities.

In addition, fluctuations in the prices of end products incorporating our products may influence customers' procurement behavior. If downstream demand weakens or if end-product pricing declines sharply, customers may delay purchases, reduce order quantities or adjust inventory levels, all of which may negatively affect our sales and revenue visibility. The impact of pricing pressure may not be offset unless we are able to achieve sufficient sales volume growth, enhance the value proposition of our product offerings, optimize design architectures or reduce manufacturing and operating costs. However, our costs may increase due to rising foundry charges, packaging and testing expenses, engineering efforts for new process technologies or higher material costs. If we are unable to pass on such cost increases to customers, our gross profit margin may decline.

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Moreover, prolonged pricing pressure could erode our gross profit margin, reduce the carrying value of our inventory, constrain our cash flows and weaken our competitiveness. Any of these factors may materially and adversely affect our business, financial condition, results of operations and prospects.

Our sales may be affected by seasonality.

Demand for our products is influenced by the seasonality patterns of the end-markets in which they are used. 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 sales in the fourth quarter of the year. Moreover, customers in our end-market generally launch their new products in the first half of the year, with deliveries and volume ramp-up typically occurring in the second half of the year, which in turn drives increased demand for our products during such periods. As a result, our results of operations in certain periods may not be indicative of our results of operations for the full year. Seasonal fluctuations in end-customer demand may result in variations in our sales, production schedules, working capital needs and operating cash flows across quarters. As a result, our interim results may not fully reflect our overall performance for the full year, and any unexpected seasonal shifts could adversely affect our operating results.

We may experience uncertainty in revenue generation due to the lengthy and complex product development cycle of our visual processing AI SoC solutions and wireless communication SoC solutions.

The design of our visual processing AI SoC and wireless transmission SoC products and solutions require a lengthy and highly complex process involving architecture design, algorithm and implementation. Each of these stages is technically demanding, time-consuming and requires substantial investment.

Due to the long development and customer qualification cycle, there may be a significant time lag between incurring R&D, engineering and sales expenses and realizing related revenue. Such delays increase forecasting uncertainty, complicate production planning, and may reduce operational efficiency. If we fail to manage our design, tape-out, manufacturing, packaging or testing processes efficiently, or if delays occur at any stage, our products may become outdated before gaining commercial adoption, resulting in missed market opportunities, reduced competitiveness and potential loss of the investments made in their development.

Any misalignment between our development and production timelines and downstream market demand may lead to missed design wins, impaired customer relationships, and a material adverse effect on our business, financial condition, results of operations and prospects.

Our business growth and execution of our strategies depend on our ability to attract, develop and retain key management and technical personnel.

Our ability to execute our business strategies and maintain our competitive strengths depends heavily on the continued service of our senior management and key technical personnel. Their experience in the IC design industry and their understanding of our core technologies are critical to

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driving product development, supporting customer needs and capturing new market opportunities. The loss of any senior management member or other key personnel could disrupt our operations, delay strategic initiatives and adversely affect our growth prospects.

We also rely on highly-skilled engineers and R&D personnel who possess expertise in areas such as electronic and computer engineering, computer science, hardware logic and software algorithms, imaging and multimedia processing, wireless data transmission and IC design for devices. Competition for such talent in the semiconductor and broader technology industries is intense. Many companies, including IC design firms, internet companies, research institutions and emerging technology enterprises, compete for individuals with similar skill sets. Recruiting and retaining experienced engineers has become increasingly challenging.

To attract and retain qualified personnel, we may be required to offer competitive compensation packages, career development opportunities, training, and other incentives, which could increase our operating costs. Furthermore, hiring new personnel and integrating them into our teams requires significant time, training and management attention, and may temporarily affect our efficiency and corporate culture. If we are unable to retain our senior management members, lose key engineers, or fail to recruit additional qualified R&D staff in a timely manner, we may experience slower product iteration, reduced innovation capability, diminished customer support capacity and weaker execution of strategic plans. Any of these developments may materially and adversely affect our business, financial condition, results of operations and long-term growth prospects.

A substantial portion of our revenue is derived from a small number of customers. Loss of or reduced purchases from these customers may adversely affect our business.

A substantial portion of our revenue has been derived from a limited number of customers during the Track Record Period. Our top five customers contributed RMB76.0 million, RMB341.7 million and RMB200.4 million for the years ended December 31, 2023, 2024 and for the nine months ended September 30, 2025, respectively, representing 72.3%, 76.1% and 58.8% of our total revenue for the respective periods. In particular, our largest customer contributed RMB53.5 million, RMB148.4 million and RMB116.3 million for the years ended December 31, 2023, 2024 and for the nine months ended September 30, 2025, respectively, accounting for 50.9%, 33.1% and 34.1% of our revenue for the corresponding periods.

Furthermore, our major customers may have substantial bargaining power and leverage when negotiating contractual arrangements with us. Such customers have and may continue to seek advantageous pricing and other commercial terms and may require us, from time to time, to develop additional features in the solutions we sell to them. As a result, we may have to reduce the average selling price and/or incur increased average cost of our solutions, which may have a negative impact on our gross profit margin. In addition, there is no assurance that we will be able to maintain or increase the level of business with such key customers going forward. Purchases from these customers may vary from period to period, and our major customers are not obligated to place orders at previous levels or at all. Any loss of, or material reduction in purchases by, one or more of our major customers could adversely affect our revenue, business, financial condition and results of operations.

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Failure to retain existing customers or acquire new customers may adversely affect our business, financial condition and operating results.

Our growth depends on our ability to retain existing customers and expand our customer base by acquiring new customers across various application markets, including UAVs, AIoT and smart wearables. We have invested, and expect to continue investing, substantial resources in branding, sales, marketing, technical support and customer engagement. Our selling and marketing costs amounted to RMB29.2 million, RMB29.7 million and RMB20.7 million for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively. There is no assurance that these investments will result in proportional revenue growth, that newly acquired customers will remain with us in the long term, or that revenue generated from such customers will offset acquisition costs.

Demand from our existing customers may decline or fluctuate due to various factors, including dissatisfaction with the performance, quality, functionality or pricing of our products, the availability of competing solutions, changes in their procurement strategies or supply chain rationalization, shifts in their product roadmaps, or delays and cancellations of their projects. Broader technology and market trends – including rapid changes in AI, imaging, connectivity and semiconductor architectures – may also affect the demand for end products that incorporate our solutions. Customer loss or reduced orders may also result from negative publicity, perceived product shortcomings, inferior technical support, or failure to meet customer-specific requirements in areas such as reliability, DPPM levels, system compatibility and firmware stability. Furthermore, customers in highly competitive downstream markets may consolidate suppliers to improve cost efficiency, which may adversely affect our position if we are not selected as a preferred supplier. If we are unable to maintain strong customer relationships, increase sales to existing customers, or attract and retain new customers in a cost-effective and sustainable manner, we may experience reduced revenue, increased revenue volatility, loss of market share and pressure on our gross margin, any of which may materially and adversely affect our business, financial condition and results of operations.

If we fail to manage our inventories effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our inventories are mostly raw materials, work in progress and finished goods. As of December 31, 2023 and 2024 and September 30, 2025, we had inventory of RMB51.6 million, RMB69.7 million and RMB109.4 million, respectively. Our business model requires us to manage our inventories efficiently. While we generally make decisions for purchase of raw materials and consumables and plan our outsourced production and relevant product testing according to purchase orders received and estimates of customer demand. Customer demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable period of time. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence or decline in inventory value. During the Track Record Period, we recorded inventory write-downs that amounted to RMB14.3 million and RMB17.0 million for the years ended December 31, 2023 and 2024, respectively, and RMB7.8 million for the nine months ended September 30, 2025. Such write-downs were due to slow-moving old generation products with lower sales potential in light of our introduction of new products. Any of the above may materially and adversely affect our financial

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condition and results of operations. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in diminished customer base and lost of revenue, any of which could harm our business, financial condition, results of operations and prospects.

Failure to protect, maintain or enforce our intellectual property rights may adversely affect our competitiveness and business performance.

Our success depends significantly on our ability to protect the intellectual property and proprietary technologies that underpin our visual processing AI SoC products and solution, including architecture design, algorithms, circuit layouts, firmware, software, imaging and multimedia processing techniques, wireless transmission technologies and other know-how. We rely on a combination of patents, integrated circuit layout design rights, software copyrights, trademarks and trade secrets, as well as confidentiality and non-disclosure agreements, to safeguard these proprietary assets. As of the Latest Practicable Date, we held 21 granted patents, 14 integrated circuit layout-design rights, 14 software copyrights, 11 registered trademarks and six domain names in the PRC.

The process of applying for, maintaining and enforcing intellectual property rights is costly, time-consuming and inherently uncertain. We may not be able to file, prosecute or maintain all desirable IP applications in a timely or cost-effective manner. In addition, we may fail to identify patentable aspects of our R&D outputs before public disclosure or before such technologies become eligible for protection, which may limit the scope of protection available to us.

Even when patents or other intellectual property rights are granted, these rights may not provide meaningful protection. Granted rights may be challenged, invalidated, narrowed or circumvented by competitors who develop similar or alternative technologies. The scope, validity and enforceability of intellectual property rights — particularly in visual processing AI SoC products and solution, where innovations often involve complex implementation methods — are subject to significant legal and technical uncertainty. Furthermore, intellectual property rights generally have limited terms, and once expired, competitors may be able to use previously protected technologies.

We also rely significantly on trade secrets and confidential know-how, especially for implementation techniques, design methodologies, optimization processes and software-hardware integration that are not suitable for patent protection. However, trade secrets can be difficult to safeguard. Employees, contractors, suppliers or ecosystem partners may intentionally or inadvertently disclose confidential information despite contractual obligations. Confidentiality agreements may not always be enforceable or effective, and third parties may independently develop similar or equivalent technologies without breaching our rights.

To protect our intellectual property, we may need to initiate legal proceedings against parties who we believe are infringing or misappropriating our rights. Such proceedings may be costly, time-consuming and uncertain, and may divert management and engineering resources from our business. In some instances, we may also need to defend or respond to challenges against our own IP rights, further increasing costs and uncertainty.

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If we fail to adequately protect our intellectual property — whether due to limitations in legal protection, challenges from third parties, unauthorized disclosure, insufficient internal controls or the inherent uncertainty of IP enforcement — our competitive advantages may be materially weakened, and our business, financial condition and results of operations may be adversely affected.

Claims that our products or technologies infringe third-party intellectual property rights may result in significant costs, operational disruptions and adverse effects on our business and financial condition.

Our ability to compete depends in part on our continued access to, use of and development of proprietary technologies without infringing the intellectual property rights of third parties. The visual processing AI SoC products and solution industry is characterized by extensive patent portfolios, overlapping technical domains and active intellectual property enforcement. Third parties may own or obtain patents, copyrights, trademarks, trade secrets or other proprietary rights covering technologies that are relevant to our products. As we expand our product portfolio and increase market visibility, we may receive inquiries, notices or allegations from intellectual property rights holders asserting that our technologies, designs, algorithms, firmware or software infringe their rights.

Any such claims — whether with or without merit — could divert management attention and technical resources from our operations and may require us to incur substantial legal and administrative expenses. If a claim is successfully asserted against us, or if we determine that settling a claim is commercially necessary, we may be required to

- cease the manufacture, sale or use of products alleged to infringe the asserted rights;
- pay damages or other compensation to rights holders or affected customers;
- obtain licenses from the rights holders, which may not be available on commercially acceptable terms or at all;
- redesign our products or develop alternative technologies, which may involve significant cost, technical uncertainty and delays in product launches; or
- implement alternative branding or avoid certain marketing claims relating to our technology.

Even if we believe such claims to be unfounded, defending against them may be costly and time-consuming, may require involvement of our senior engineers and managers and may disrupt our product development roadmap. There is also no assurance that we will prevail in such disputes. An adverse finding could limit our ability to commercialize certain technologies or could invalidate some of our own IP assets.

In addition, third parties may assert IP infringement or misappropriation claims against our customers, distributors, suppliers or end-users based on their use or resale of our products. Under certain contractual arrangements, we may be obligated to defend or indemnify such parties, which could further increase our costs and expose us to additional liabilities. Injunctions sought by third-party claimants could also restrict the sale of products incorporating our technology.

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Any of these circumstances could result in significant financial costs, operational disruption, reputational harm and loss of market opportunities, which may materially and adversely affect our business, financial condition and results of operations.

Disruptions, delays or quality issues in third-party logistics services may adversely affect our operations and financial condition.

We rely on third-party logistics service providers to transport certain work-in-progress items, finished products and components used in our operations. Our ability to provide timely and reliable deliveries depends significantly on the performance and stability of these service providers. Any dispute with, change in, or termination of our arrangements with such providers may lead to delayed deliveries, increased logistics costs or an inability to supply products to customers in the required quantities or within agreed schedules.

Although we set quality, handling and transportation requirements for our logistics service providers, we do not have direct control over their operations. As a result, we cannot ensure that they will always comply with our requirements. Delivery delays, improper handling, product damage, loss in transit, or other service issues may occur due to transportation shortages, accidents, extreme weather, natural disasters, labor disruptions, geopolitical events or other factors beyond our control. Such disruptions could negatively affect customer satisfaction, harm our reputation, or lead to reduced sales.

In certain cases, our suppliers may also use third-party logistics providers to deliver materials to us. Any delay or disruption in the delivery of materials — whether caused by our suppliers’ logistics providers or ours — could interrupt our production schedules, reduce our ability to meet customer demand and adversely affect our inventory planning and supply chain management. If we are unable to maintain stable relationships with logistics service providers or ensure consistent, timely and cost-effective delivery services, our business operations, financial condition and results of operations could be materially and adversely affected.

We are subject to risks associated with U.S. outbound investment restrictions, sanctions, export controls, international trade policies and evolving regulatory requirements, which may adversely affect our business and our ability to raise capital.

We operate within a global supply chain and engage with customers, suppliers and investors across multiple jurisdictions. As a result, we are subject to risks arising from geopolitical developments and evolving domestic and foreign regulatory regimes, including U.S. outbound investment restrictions, sanctions, export controls and international trade policies.

On August 9, 2023, the U.S. government issued Executive Order 14105, and on October 28, 2024, the U.S. Department of the Treasury issued the final rule implementing such executive order (codified in 31 C.F.R. part 850 and effective January 2, 2025) (the “**Outbound Investment Rule**”), which establishes a framework under which certain covered transactions are prohibited and certain other covered transactions require notification by U.S. persons, in each case involving covered foreign persons connected to China (including Hong Kong and Macau) engaged in specified activities relating to semiconductors and microelectronics, quantum information technologies or artificial intelligence systems. As advised by our Sanctions Legal Advisor, we are likely to be deemed a “covered foreign person” defined under the Outbound Investment Rule due to our business activities; as such, any U.S. investment in the Company, including acquiring the Company’s non-public shares to facilitate its

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[REDACTED], is likely a “notifiable transaction” (unless otherwise exempted) which imposes an obligation on U.S. persons to make a notification pursuant to the Outbound Investment Rule. As disclosed in the section headed “Structure of the [REDACTED]” of the Document, the [REDACTED] are being [REDACTED] [REDACTED] outside the U.S. in offshore transactions in reliance on [REDACTED] under the [REDACTED]. Nevertheless, as further advised by the Sanctions Legal Advisor in connection with the foregoing matters, following the completion of the [REDACTED], assuming U.S. persons are eligible to participate in the [REDACTED] according to an available exemption under the [REDACTED], it is expected that U.S. persons will be able to [REDACTED] in our [REDACTED] based on the [REDACTED] [REDACTED] securities exception under the Outbound Investment Rule as long as the [REDACTED] made do not afford a U.S. person certain rights that are not standard minority shareholder protections. Even though U.S. persons’ acquisitions of certain offer securities (such as our publicly [REDACTED] [REDACTED]) will be exempted from the scope of covered transactions, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors prior to and after this [REDACTED] given that relevant laws, regulations, and policies continue to evolve, for instance, on December 18, 2025, the U.S. President signed the “National Defense Authorization Act for Fiscal Year 2026” into law, which mandates the issuance of new regulations that will amend, supersede, or otherwise modify the existing Outbound Investment Rule framework within a defined timeframe. In addition, the “America First Investment Policy” memorandum issued by the White House on February 21, 2025 signals the potential expansion of sectors and activities subject to outbound investment restrictions and the possible adoption of additional measures, including sanctions. Although such proposals have not been implemented as of the date of this Document, future changes, reinterpretations or expansions of these regimes may increase regulatory uncertainty and compliance costs for China-based issuers such as us. We cannot predict how the Outbound Investment Rule will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Outbound Investment Rule, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce U.S. investors’ interest in our equity securities. In such a case, and if alternative investors cannot be found, the trading price and liquidity of our H Shares may be adversely affected.

The U.S. and other jurisdictions or organizations, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or against targeted industry sectors, groups of companies or persons, and/or organizations within certain countries. In 2024, one of our customers and two of our suppliers became designated on the Specially Designated Nationals and Blocked Persons (the “SDN List”), which is maintained by the U.S. Office of Foreign Assets Control of the U.S. Department of the Treasury. The Company has ceased transactions with the relevant customer and suppliers. As advised by the Sanctions Legal Advisor, the Company’s historical transactions with the relevant entities would not constitute primary sanctioned activities under the sanctions regimes of the relevant jurisdictions, and that the risks of imposition of secondary sanctions based on such activities would be remote. While we have implemented relevant policies and procedures, there can be no assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the U.S. or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose.

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We are also subject to U.S. export control laws and regulations, including the Export Administration Regulations (“**EAR**”) administered by the Bureau of Industry and Security (“**BIS**”) of the U.S. Department of Commerce, which regulate the export, re-export and transfer of certain products, software and technologies based on classification, destination, end-use and end-user. Certain non-U.S.-produced items may be subject to the EAR if under the de minimis and/or foreign-direct product rules, including where they incorporate controlled U.S.-origin items above applicable thresholds or rely on certain U.S.-controlled software or technologies, which may include certain U.S.-origin or otherwise U.S.-controlled electronic design automation (“**EDA**”) software that we rely on. BIS also maintains restricted party lists, including the Entity List, which impose additional licensing requirements on transactions involving listed entities. Based on the due diligence conducted by the Sanctions Legal Advisor on the Company’s compliance with U.S. export control, the Sanctions Legal Advisor has not identified any transaction that would constitute violation of U.S. export control requirements. Continued changes in export control rules or enforcement priorities may affect our relationships with certain customers or suppliers, increase our compliance burden or disrupt our access to critical tools, including certain electronic design automation software, which could materially and adversely affect our business and prospects.

Separately, international trade policies, including tariffs imposed in the context of U.S.-China trade tensions, may indirectly affect our business. During the Track Record Period, we have not conducted any U.S.-bound export business. With minimal exposure to the U.S. market and our stable business operations in the domestic market, our overall business operation and financial performance have not been impaired by the U.S. tariff policies towards China as of the date of this Document.

Given the evolving nature of geopolitical tensions and regulatory regimes, future changes in outbound investment restrictions, sanctions, export controls or trade policies could impose additional compliance costs on us, restrict our access to foreign capital, disrupt our supply chain or adversely affect customer demand, any of which could materially and adversely affect our business, financial condition and prospects.

We face risks to our employee dispatch arrangements.

During the Track Record Period, we engaged dispatched employees by entering into labor dispatch agreement (勞務派遣協議書) with third-party human resources service company. Such dispatched employees entered into employment contracts with the service company rather than with us and were dispatched to us based on our actual business needs from time to time. These dispatched employees primarily served as IC development assistants and were primarily engaged in IC testing and data recording.

According to the PRC Labor Contract Laws (勞動合同法) Interim Provision on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, company may only engage in dispatched employees in temporary, ancillary or substitutable positions, and the numbers of the dispatched employees engaged by the company shall not exceed 10% of its total number of employees, including both directly hired employees and dispatched employees (the “**Limit**”).

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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. 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 in January 2026. For details, see “Business – Employees – Labor Dispatch”. However, we cannot assure you that the relevant government authorities will not impose penalties on us and our subsidiaries for such historical non-compliance, which may adversely affect our business, profitability and reputation.

Increases in labor costs, shortages of skilled personnel or deterioration in labor relations may adversely affect our business and operations.

Labor costs in the PRC have increased in recent years and may continue to rise. Any further increase in labor costs could raise our operating expenses, and we may not be able to pass such increases on to customers. Our business also depends on employees with expertise in areas such as IC design, engineering, R&D, testing, sales and technical support. If we encounter a shortage of skilled personnel, increased competition for talent, or delays in recruiting and training new employees, our ability to meet production schedules, support customers and execute our R&D plans may be hindered. Although we seek to maintain stable labor relations, we cannot ensure that labor disputes or employee turnover will not occur. The loss of experienced personnel — particularly those with critical design expertise or proprietary know-how — could disrupt our operations unless we can successfully hire, train and integrate qualified replacements in a timely manner. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects.

We recorded net operating cash outflows during the Track Record Period and may continue to experience net operating cash outflows in the future.

For the year ended December 31, 2023 and the nine months ended September 30, 2025, we recorded net cash used in operating activities of RMB142.5 million and RMB40.5 million, respectively, primarily attributable to increased inventories purchase that led to higher utilization of operating cash. We recorded net operating cash outflows during the Track Record Period, and we cannot ensure that we will be able to generate net operating cash inflows in the future. Our operating cash flows may continue to be affected by our prospective business activities and factors beyond our control, such as market competition and changes in the macroeconomic environment.

We plan to improve our profitability through achieving sustained growth in revenue by adopting measures including adopting a diversified layout of products, as well as optimizing our operational efficiency by implementing approaches including strengthening supply chain management. For details, see “Business – Business Sustainability and Path to Profitability” in this Document. However, our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenue may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our costs and expenses. We may continue to incur net losses in the future and we cannot ensure that we will eventually achieve our intended profitability. In addition, we may still record negative cash flow in the future and need to seek external financing to support our operations, such as available equity financing or bank facilities. If we are unable to generate sufficient net operating cash

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inflows, we may be required to obtain additional financing, including through equity or equity-linked securities or external borrowings. If we are unable to maintain adequate working capital or secure sufficient funding to meet our capital requirements, we may not be able to execute our business strategies or sustain our operations, and our business, financial condition and results of operations may be materially and adversely affected.

We may need additional capital in the future, and financing may not be available on acceptable terms, or at all.

We may require additional capital in the future to support our operations, business expansion, new product development, R&D activities and other strategic initiatives. While we have historically funded our working capital requirements primarily through cash generated from operations and financing activities, changes in our business conditions or new developments may increase our need for additional funding. If we are unable to generate sufficient operating cash flow, we may need to obtain additional financing through equity or debt offerings. However, such financing may not be available to us on terms satisfactory to us, or at all. If we raise capital through the issuance of equity or equity-linked securities, the ownership interests of our existing shareholders may be diluted, and such securities may include preferences or rights that adversely affect our shareholders. If we obtain additional financing through debt, we may become subject to restrictive covenants that limit our ability to incur further indebtedness, make capital expenditures, declare dividends or take other actions, and we will also be required to service interest and principal payments, which could increase our financial burden. Any inability to obtain necessary financing in a timely manner and on acceptable terms could adversely affect our liquidity, financial condition, and our ability to operate, compete and pursue our business strategies.

Our engagement of distributors may limit our visibility into end-customer demand and affect our revenue predictability.

A portion of our sales is conducted through independent third-party distributors. For the years ended December 31, 2023 and December 31, 2024 and the nine months ended September 30, 2025, our revenue generated through distributors amounted to RMB3.4 million, RMB171.2 million, and RMB43.5 million, respectively, representing 3.2%, 38.1% and 12.7% of our total revenue for the corresponding periods. Such collaboration may increase the operational complexity of our sales model and may limit our visibility into end-customer demand. For details, see “Business – Our Customers – Distribution” in this Document.

In addition, our distributors are responsible for managing their own inventory, and the volume and timing of the orders they place with us are primarily driven by demand from end customers. As a result, our sales through distributors may limit our direct engagement with end customers and reduce our ability to independently assess real-time market demand or customer preferences. Any failure by our distributors to effectively promote, stock or sell our products, or to provide us with accurate and timely market intelligence, may lead to inventory imbalances, missed sales opportunities or unexpected decreases in revenue. As a result, our dependence on distributor sales may adversely affect our ability to accurately forecast revenue, align production with market demand, and may cause our operating results to fluctuate from period to period.

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We may not be able to maintain or enhance our brand recognition.

Our brand recognition plays an important role in differentiating our products in a highly competitive visual processing AI SoC products and solution market. Maintaining and enhancing our brand image depends on our ability to consistently deliver high-quality products, keep pace with technological developments, and meet customer expectations in areas such as product performance, reliability and delivery schedules. Any failure to do so, or any negative publicity, customer complaints, or market perception issues relating to our products or corporate reputation, could weaken our brand image. If we are unable to effectively promote our brand or sustain positive brand recognition, our ability to attract new customers, retain existing customers, and compete in the market may be adversely affected, which could in turn impact our business, financial condition and results of operations.

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.

We may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business. In the course of our operations, we may from time to time encounter legal or administrative proceedings involving contractual disputes, employment matters, regulatory compliance, intellectual property issues, commercial relationships or other business activities. These matters may involve substantial costs, including expenses associated with investigation, litigation, settlement, judgments, penalties or fines. Such proceedings may also be time-consuming and require the diversion of management and technical personnel from our core business operations, thereby disrupting our day-to-day activities. In addition, lawsuits, regulatory proceedings or investigations may generate negative publicity, regardless of the merits of the underlying allegations, which could harm our reputation, weaken customer or partner confidence and adversely affect our business relationships and market position.

Further, our directors, senior management, employees, shareholders or their affiliates may also become subject to litigation, investigations, administrative actions or negative publicity in connection with commercial, labor, compliance, securities or other matters. These proceedings could result in additional liabilities, reputational harm or significant business disruptions. If we are unable to effectively manage or resolve such disputes or proceedings, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

In addition, we may also face shareholder derivative lawsuits, including those targeting our directors or officers due to their positions in our Company or other public companies. We cannot ensure that we or our directors or officers would prevail in any defense, succeed on appeal, or avoid settling on unfavorable terms.

Our insurance coverage may not be adequate to cover all risks associated with our business and operations.

We maintain insurance policies that we believe are appropriate and customary for companies of our size and operations, taking into account applicable laws, regulatory requirements and general industry practices in the jurisdictions where we operate. See “Business – Insurance” in this Document.

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However, our business is subject to various risks, and our existing insurance coverage may be limited in scope or amount, or may not cover certain events arising from our operations. Certain material risks relating to our operations — such as losses caused by accidents, equipment failures, disruptions to our facilities or supply chain, or other unexpected events — may remain uninsured or underinsured. Even where insurance coverage exists, our policies may be subject to deductibles, coverage limits, exclusions, or disputes with insurers over policy interpretation, which may delay or reduce the compensation we may recover. There is no assurance that our current insurance will be sufficient to cover all potential losses, or that we will be able to obtain additional insurance coverage in the future on terms acceptable to us, or at all. If we incur significant losses or liabilities that are not fully covered by our existing insurance policies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may make acquisitions, establish joint ventures or pursue other strategic investments, which may not be successful.

To support our long-term growth and expand our product and technology capabilities, we may consider acquisitions, joint ventures or other strategic investments from time to time. Such transactions involve uncertainties and risks, including challenges in integrating acquired businesses or teams, diversion of management attention from our existing operations, entering markets or product segments in which we have limited experience, the potential loss of key employees or customers of target companies, and the possibility that anticipated synergies, operational efficiencies or financial returns may not materialize.

In addition, acquisitions or investments may require significant capital resources and could result in increased leverage if financed with debt, dilution to our Shareholders if financed through equity issuance, or charges related to asset impairments, restructuring, or fair value adjustments. We may also face exposure to undisclosed or contingent liabilities of acquired or invested companies, as well as regulatory reviews or restrictions, including those related to antitrust or foreign investment requirements. There is no assurance that any acquisition, joint venture or strategic investment we pursue will be completed, will achieve the expected benefits, or will not have a material adverse impact on our business, financial condition or results of operations.

We have recorded net current liabilities and may continue to record net current liabilities in the future, which could adversely affect our liquidity and operational flexibility.

We recorded net current liabilities of RMB1,258.4 million, RMB1,412.5 million and RMB1,403.5 million in the years ended December 31, 2023 and December 31, 2024, and the nine months ended September 30, 2025, respectively. For details of the reasons for our net current liabilities, see “Financial Information — Net Liabilities” in this Document.

A net current liabilities position exposes us to liquidity risks and may constrain our operational flexibility. In particular, it may impair our ability to satisfy necessary capital expenditures, support product development initiatives, pursue business opportunities or expand our business scale in a timely manner. We cannot ensure that we will be able to eliminate our net current liabilities position or that we will not record net current liabilities in the future. Our future liquidity position, including our ability to settle trade and other payables and repay borrowings as and when they become due, will primarily depend on our ability to generate sufficient cash inflows from our operating activities. If we are unable to generate adequate cash flows from operations, or if our operating cash flows fluctuate due to factors

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beyond our control, our liquidity position may be materially and adversely affected. Any deterioration in our liquidity could, in turn, have a material adverse effect on our results of operations, financial position and prospects.

We are subject to risk relating to our trade and other receivables.

Our trade receivables arise in the ordinary course of business. The gross carrying amount of our trade receivables was RMB12.8 million, RMB12.9 million and RMB15.8 million, respectively, as of December 31, 2023 and 2024 and September 30, 2025, represented our maximum exposure as of the respective dates to credit risk in relation to trade and other receivables. However, there can be no assurance that the collection of amounts due from our customers will be timely, which in turn, might result in slow turnover of our trade and other receivables and restrict our working capital resources. If we fail to receive payments from our customers on a timely basis, our cash flows and financial condition could be materially and adversely affected. In addition, if our customers delay payment or default on their obligations, we may be required to make impairment provisions or write off relevant trade and other receivables in accordance with applicable accounting standards. Any losses arising from uncollectible receivables could further adversely affect our liquidity, financial condition and results of operations.

We also recorded prepayments in the ordinary course of business. Our prepayments amounted to RMB42.0 million, RMB47.9 million and RMB95.3 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. If the relevant counterparties fail to perform their contractual obligations or delay performance, we may not be able to recover such prepayments in full or at all and may be required to make impairment provisions or write-offs in accordance with applicable accounting standards. Any such losses could adversely affect our liquidity, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems that include organizational structures, policies and procedures which we believe are appropriate for our business operations. However, such systems are subject to inherent limitations in both design and implementation. Our internal controls may not always be capable of identifying, mitigating or responding to all risks, particularly under changing external conditions or unexpected events.

The effectiveness of our risk management and internal control systems also depends on proper execution by our employees. We cannot ensure that our policies and procedures will always be followed as intended, or that human errors, oversight, misjudgment or other operational lapses will not occur. Any failure to implement or enforce our controls in a timely and consistent manner may undermine their effectiveness.

If our risk management or internal control systems fail to operate effectively, we may experience operational disruptions, financial losses, regulatory non-compliance, reputational damage or other adverse consequences, any of which could materially and adversely affect our business, financial condition and results of operations.

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Certain of our leased properties are subject to risks relating to unregistered leases.

We lease a number of properties for our offices and operations in PRC. As of the Latest Practicable Date, our leased premises included an office space with a rental area of 6,269.4 sq.m., as well as other properties used for administrative and operational purposes.

Under PRC laws and regulations, lease agreements for properties in the PRC are generally required to be registered with the local land and real estate authorities. As of the Latest Practicable Date, six of our PRC lease agreements had not been registered with the relevant authorities. Although non-registration does not invalidate the lease, 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. If any fine is imposed, we may not be able to recover such losses from the relevant lessors. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreement.

Any actual or perceived failure to comply with data privacy or cybersecurity requirements may expose us to legal and operational risks.

We collect, store and process data generated in the course of our business operations, including information relating to our customers, suppliers and business partners. Ensuring the security and integrity of such data is essential to our operations. Although we have implemented internal controls and technical measures to maintain data security, we cannot ensure that such measures will always be effective.

We are subject to an increasingly complex and evolving regulatory framework governing data privacy and cybersecurity, and compliance may require ongoing investment in systems, processes and personnel. Despite the measures we have adopted, we may still face risks of cyberattacks, system vulnerabilities, unauthorized access, data leakage or misuse, or other security incidents. Any such incident — whether actual or perceived — could result in regulatory investigations, penalties, litigation, remediation costs, business interruption, reputational harm or loss of customer confidence.

Furthermore, concerns raised by customers or other stakeholders regarding the security of our systems, even if unfounded, may adversely affect our business performance. As data protection and cybersecurity requirements continue to tighten, we may need to allocate additional resources to maintain compliance, and failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our information technology networks and systems may be subject to failures, interruptions or security breaches.

We rely on our information technology networks and systems to produce our SoC products and to provide our integrated SoC solutions, support daily operations, enable communication among employees, customers and suppliers, and manage key functions such as production, logistics and R&D activities. These systems, including those maintained by third-party service providers, may be vulnerable to failures, interruptions or security breaches caused by software or hardware malfunctions, system upgrades, network overload, power outages, cyberattacks, human errors or other unforeseen events.

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Any material disruption, downtime or performance issue affecting our IT systems could impair our ability to operate efficiently, deliver products to customers, or safeguard critical data and proprietary information. Such incidents could also result in increased operational costs, delays in product development, interruptions in customer service, or exposure to regulatory or contractual liabilities. If we are unable to promptly detect, prevent or remediate IT system failures or security incidents, our reputation, business operations, financial condition and results of operations could be materially and adversely affected.

Misconduct or non-compliance by our employees, business partners or other third parties, or failures in complying with anti-corruption, anti-bribery, anti-money laundering and sanctions laws, may expose us to significant legal, financial and reputational risks.

We are subject to various anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and other compliance requirements in the jurisdictions where we and our business partners operate. Misconduct by our employees, management, business partners, their employees, suppliers, customers or other third parties — such as fraud, bribery, corruption, collusion, violations of laws and regulations, breaches of internal policies, unethical practices or improper dealings with sanctioned parties — may expose us to legal, financial and reputational risks.

Although we have implemented internal controls, compliance procedures and contractual safeguards intended to prevent and detect such misconduct, these measures may not always be effective. Human misconduct, oversight failures or inadvertent errors may not be identified or prevented in a timely manner, and we cannot ensure that all of our directors, officers, employees, agents, representatives or business partners will comply with applicable laws and our policies at all times.

Any actual or perceived violation of anti-corruption, anti-bribery, anti-money laundering or sanctions requirements may result in governmental investigations, fines, penalties, sanctions, civil or criminal liabilities, negative publicity, the loss of business relationships or other enforcement actions. Sanctions regimes also continue to evolve and may impose new restrictions that affect our business activities or interactions with customers and suppliers. Any of these events could materially and adversely affect our reputation, business operations, financial condition and results of operations.

Environmental, social and governance matters may subject us to regulatory, operational and reputational risks and could adversely affect our business and financial performance.

Our business is subject to environmental protection laws and regulations, as well as evolving and increasingly stringent ESG-related requirements in the jurisdictions where we operate. Growing regulatory, investor and stakeholder focus on corporate responsibility, together with expanding ESG disclosure and compliance obligations, may expose us to regulatory, reputational and operational risks and may require us to devote substantial time, management attention and financial resources to compliance.

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In response to ESG-related considerations, we may invest in developing or enhancing technologies, processes or solutions intended to support environmentally responsible operations or reduce our environmental footprint. However, such initiatives are often complex, costly and subject to uncertainty, and may not achieve the intended commercial or operational outcomes within expected timeframes, or at all. In addition, certain of our competitors may not pursue climate-related or other ESG objectives, or may do so to a lesser extent than we do, which could place us at a competitive disadvantage in certain markets. Furthermore, failure to comply with applicable environmental laws, ESG-related regulations or evolving industry standards, or any perceived inadequacy in our corporate responsibility practices, could result in regulatory enforcement actions, increased compliance costs, negative publicity, loss of customer confidence or reputational harm. Where we publicly communicate ESG-related initiatives, commitments or targets, we may fail, or be perceived to fail, to achieve them, or may face criticism regarding their scope, effectiveness or implementation. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Natural disasters, public health emergencies, acts of war or other events beyond our control may adversely affect our business.

We are exposed to risks arising from natural disasters, public health emergencies, geopolitical tensions, acts of war, terrorism and other events beyond our control. Such events may cause significant harm to the economy and infrastructure in the regions where we operate, and may result in loss of life, personal injury, damage to facilities or equipment, or disruptions to our business operations.

Our operations may be affected by floods, earthquakes, fires, extreme weather conditions, power or water shortages, failures of information technology or other critical systems, labor disruptions, or other unanticipated events. Acts of war, armed conflicts or terrorism may also disrupt our supply chain, affect our customers and business partners, and create uncertainties in the markets in which we operate. Public health crises or natural disasters may further result in delays in production, interruptions to logistics, shortages of materials or other operational challenges.

The timing, duration and severity of these events are unpredictable, and their impact may not be immediately apparent. Any prolonged or repeated occurrence of such events could adversely affect our ability to operate normally, create inefficiencies or delays in our supply chain, weaken customer demand, and require significant time and resources for recovery. As a result, our business, financial condition and results of operations may be materially and adversely affected.

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RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in global economic or social conditions or government policies in the jurisdictions in which we operate could have an effect on our business and operations.

Substantially all of our operations are located in the PRC. Accordingly, our business, financial condition, results of operations and prospects are significantly influenced by economic, political and social conditions in the PRC, as well as the PRC government’s policies, laws and regulations. The PRC government plays a substantial role in regulating industry development and may adjust industrial, fiscal and monetary policies from time to time. Any changes in such policies, or in the PRC’s overall economic conditions, could affect demand for our products and services, our cost structure and our competitive position.

In addition, the PRC economy is increasingly influenced by global economic trends. Geopolitical tensions, fluctuations in global interest rates, inflationary pressure, volatility in financial markets, instability in the banking system, and tightening of monetary policies in major economies may create uncertainty in the macroeconomic environment. Furthermore, sanctions and export control measures imposed by the United States or other jurisdictions from time to time may affect the PRC market or PRC-based companies, including our business partners. We may incur additional compliance costs in connection with these measures and could be subject to penalties if we inadvertently violate such rules.

Any adverse developments in the PRC’s economic environment, policy direction or regulatory landscape, or in global economic or geopolitical conditions, could materially and adversely affect our business, financial condition and results of operations.

It may be difficult for investors to effect service of process upon us or our Directors or senior management, or to enforce judgments obtained from courts outside Chinese Mainland.

We are a company incorporated under the laws of the PRC, and substantially all of our assets, operations, directors and senior management are located or reside in Chinese Mainland. As a result, it may be difficult or impossible for investors to effect service of process upon us or such individuals outside Chinese Mainland, or to enforce judgments obtained in courts outside Chinese Mainland.

Enforcement of foreign court judgments in the PRC is limited and may be granted only if the foreign jurisdiction has entered into a treaty with the PRC for mutual recognition and enforcement of judgments, or if the PRC courts determine that reciprocal recognition exists, and other statutory conditions are satisfied. Chinese Mainland has not entered into treaties for the reciprocal recognition and enforcement of court judgments with certain jurisdictions such as the United States, the United Kingdom and Japan. Consequently, judgments obtained in these jurisdictions may not be recognized or enforced in the PRC, and enforcement may therefore be difficult or impossible.

On January 29, 2024, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”) became effective, replacing the prior arrangement that was based on written choice-of-court agreements. The New Arrangement provides a more comprehensive mechanism for

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mutual recognition and enforcement of a wider range of civil and commercial judgments between courts of the Mainland and Hong Kong. However, we cannot ensure that all judgments will be recognized or effectively enforced by the relevant courts.

As a result of these limitations, [REDACTED] may encounter substantial difficulties in protecting their interests through legal actions against us or our directors or senior management outside Chinese Mainland. Any failure to obtain effective service of process or recognition and enforcement of judgments may limit the legal remedies available to [REDACTED].

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

On February 17, 2023, the China Securities Regulatory Commission (“CSRC”) issued the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and the related supporting guidelines, which became effective on March 31, 2023. These regulations apply to both (i) PRC-incorporated companies and (ii) overseas-incorporated companies with substantial operations in the PRC, and set out filing arrangements for direct and indirect overseas offerings and listings.

Under these regulations, future capital-raising or financing activities conducted overseas may be subject to filing, approval or other regulatory procedures with the CSRC or other PRC authorities. We cannot ensure that additional rules or regulatory requirements will not be promulgated in the future, or that existing requirements will not be further tightened. If it is determined that our future financing activities require approval, filing or other regulatory procedures, we may not be able to complete such procedures in a timely manner, or at all.

Failure to comply with applicable approval or filing requirements may subject us to sanctions imposed by the CSRC or other PRC authorities. Such authorities may impose fines or other penalties, restrict our operating activities in the PRC, limit our ability to remit funds outside of the PRC, delay or restrict the repatriation of proceeds from overseas financing activities into the PRC, or otherwise impose restrictions on our financing arrangements. Any of these circumstances could materially and adversely affect our business, financial condition, results of operations and future prospects.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our results of operations and financial performance.

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. During the Track Record Period, government grants represented incentives received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our government grants charged to consolidated statements of comprehensive income amounted to RMB0.3 million, RMB4.4 million, RMB0.5 million and RMB3.5 million, respectively. See “Financial Information — Key Components of Our Consolidated Statement of Profit or Loss-Other Net Income” in this Document.

Meanwhile, we were eligible for certain preferential corporate income tax rates and tax concessions during the Track Record Period. Government grants are recognized when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. The government grants we received during the Track Record Period represented various forms of incentives

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and subsidies granted to our Group by local government authorities in the PRC. These government grants were mainly non-recurring in nature, and the amounts of these grants were subject to the discretion of local governments. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

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

As in many jurisdictions, the PRC has entered into tax treaties or similar arrangements with multiple countries and regions. Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), its implementation rules, and the Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》國稅函 [2008] 897號), and subject to any applicable tax treaty, dividends paid by PRC resident enterprises to non-resident enterprise investors are generally subject to a 10% PRC withholding tax, provided that the investor (i) has no establishment or place of business in the PRC, or (ii) has such establishment but the income is not effectively connected with it.

Any gains realized from the transfer of shares by non-resident enterprise investors may also be subject to a 10% PRC income tax (or a lower treaty rate) if such gains are regarded as PRC-sourced income, unless a tax treaty provides otherwise. As of the Latest Practicable Date, there were no specific rules addressing the taxation of gains realized by non-resident enterprise holders of H Shares through transfer or disposal by other means.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from PRC sources earned by non-PRC resident individuals are generally subject to a 20% PRC withholding tax, unless exempted or reduced under an applicable tax treaty. According to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993] 045號文件廢止後有關個人所得稅徵管問題的通知》國稅函 [2011] 348號), dividends paid to non-PRC resident individual holders of H Shares are generally subject to a 10% individual income tax, depending on the tax treaty with their jurisdiction of residence and the Mainland-Hong Kong tax arrangement (內地與香港關於避免雙重徵稅安排). For individuals residing in jurisdictions without such treaties or arrangements, a 20% withholding tax applies.

However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), issued jointly by the Ministry of Finance and the State Administration of Taxation on March 30, 1998, gains derived by individuals from the transfer of listed shares may be exempt from individual income tax. As of the Latest Practicable Date, this exemption has not expressly clarified whether it applies to non-PRC resident individuals transferring shares of PRC resident enterprises listed overseas.

If PRC tax authorities impose PRC income tax on dividends paid to non-PRC resident [REDACTED] or on gains derived from the transfer of our H Shares, the value of [REDACTED] could be adversely affected. In addition, [REDACTED] residing in jurisdictions with tax treaties or arrangements with the PRC may not always be eligible for treaty benefits, and we cannot ensure that such benefits will be granted.

RISK FACTORS

The foreign exchange regulations may limit our ability to obtain or remit foreign currency and could restrict our ability to pay dividends or fulfill other foreign-currency-denominated obligations.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. Under current PRC foreign exchange regulations, we may conduct foreign exchange transactions under the current account — such as payments of dividends, interest and trade-related transactions — without prior SAFE approval, provided that required supporting documents are submitted to banks authorized to conduct foreign exchange business.

However, conversion and remittance of Renminbi into foreign currencies for capital account purposes, including repayment of foreign-currency-denominated debt, capital contributions or other capital expenditures, require prior approval or registration with SAFE or its local branches. We cannot ensure that we will always be able to obtain sufficient foreign currency when needed, or that such approval, registration or quota will be granted in a timely manner, or at all.

Changes in PRC foreign exchange from time to time may further limit our ability to convert Renminbi into foreign currency or remit funds outside the PRC. Any such restrictions may impede our ability to pay dividends to our Shareholders in foreign currency, settle foreign-currency-denominated obligations, undertake overseas financing or conduct other transactions requiring cross-border fund flows. These factors could adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates may adversely affect our business and the value of our Shares.

Fluctuations in the value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies may adversely affect our business, financial condition and the value of our Shares. The Renminbi exchange rate is affected by a wide range of domestic and international economic, political and market factors, as well as changes in supply and demand in the foreign exchange markets. The Renminbi may appreciate or depreciate significantly against other currencies over time, and we cannot ensure that the Renminbi will not experience material fluctuations in the future.

Our revenue, assets and liabilities are primarily denominated in Renminbi, while our Shares are traded in Hong Kong dollars. As a result, variations in the Renminbi-Hong Kong dollar exchange rate could affect the value of dividends (if any) payable to our Shareholders in foreign currency terms. For example, an appreciation of the Renminbi relative to the Hong Kong dollar could reduce the amount of Renminbi obtained when converting Hong Kong dollar-denominated funds for use in our operations. Conversely, a depreciation of the Renminbi could reduce the value of, and any dividends payable on, our Shares in foreign currency terms. Any significant fluctuations in exchange rates could adversely affect our revenue, financial results, the value of our assets and liabilities, and the value of our Shares.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and an [REDACTED] may not develop or be sustained.

Prior to the [REDACTED], there has been no [REDACTED] for our H Shares. Accordingly, we cannot ensure that an [REDACTED] with adequate liquidity and trading volume will develop or be sustained after the [REDACTED]. The initial [REDACTED] of our H Shares will be determined through negotiations between our Company and [REDACTED] (for itself and on behalf of the [REDACTED]), and such price may not be indicative of the [REDACTED] of our H Shares following the [REDACTED].

We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], our H Shares. However, the approval of the [REDACTED] does not guarantee that an [REDACTED] for our H Shares will develop, or, if it does, that it will be sustained. If an [REDACTED] does not develop or is not sustained after the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected, and you may be unable to [REDACTED] at a price equal to or greater than the price you paid in the [REDACTED].

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

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility after the [REDACTED]. The [REDACTED] of our H Shares will be determined by market forces and may fluctuate substantially in response to factors beyond our control. Such volatility may result in [REDACTED] suffering substantial losses, regardless of our actual operating performance.

In particular, the performance of other companies with substantial operations in the PRC that are listed in Hong Kong may affect investor sentiment toward PRC-based issuers generally and influence the trading performance of our H Shares. The share price of certain PRC-based companies has experienced significant fluctuations, including notable declines following their initial public offerings. Any similar volatility in the broader market could adversely affect the [REDACTED] and [REDACTED] of our H Shares.

In addition, the [REDACTED] of our H Shares may fluctuate due to a wide range of factors, including but not limited to

- changes in our financial performance, operating results or business outlook;
- changes in market perception of our industry or our competitive position;
- revisions in analysts’ estimates or failure to meet market expectations;
- announcements of significant transactions, strategic alliances or major projects;
- the recruitment or departure of key personnel;
- developments in the visual processing AI SoC products and solution market or other industries that influence investor sentiment;

RISK FACTORS

- regulatory, policy or legal developments in the PRC or other jurisdictions;
- fluctuations in overall [REDACTED], [REDACTED] or the release of lock-up restrictions on our Shares; and
- general economic, political, financial or social conditions in Hong Kong, the PRC or globally.

Stock markets in Hong Kong and elsewhere have experienced significant price and volume fluctuations that are often unrelated to the operating performance of individual companies. Such market volatility may adversely affect the [REDACTED] of our H Shares, and investors may experience a decline in the value of their investment.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could adversely affect the [REDACTED] of our H Shares and our ability to raise capital.

Future sales of a significant number of our H Shares in the [REDACTED], or the perception that such sales may occur, could adversely affect the [REDACTED] of our H Shares. The [REDACTED] may also be negatively impacted by disposals of H Shares by our existing Shareholders, including Directors, senior management or Single Largest Group of Shareholders after the expiry of any applicable lock-up periods. Although we are not aware of any current intention for substantial disposals, we cannot ensure that such sales will not occur.

In addition, any future issuance of additional H Shares or share-based securities may dilute our existing Shareholders’ interests and could further affect the [REDACTED] of our H Shares, or limit our ability to raise capital on favorable terms. Market expectations of potential share issuances or disposals may also influence investor sentiment.

As a result, actual or perceived large-scale sales or issuances of our H Shares could materially and adversely affect the [REDACTED] price and liquidity of our H Shares, as well as our future financing capabilities.

We have significant discretion in the use of the net [REDACTED], and you may not agree with our use of such funds.

We will have broad discretion in allocating the net [REDACTED] from the [REDACTED] among the purposes disclosed in “Future Plans and Use of [REDACTED],” which include technological innovation and product development, potential strategic investments, expansion of our overseas sales network, and working capital and general corporate purposes. Our management may apply the funds in ways that you may not agree with or that may not produce the returns expected by our Shareholders. The actual use of [REDACTED] may also vary from our plans as a result of changing business needs or market conditions. As a result, you are relying on the judgment of our management regarding the application of the net [REDACTED], and any ineffective or inappropriate use of such funds could adversely affect our business, financial condition and results of operations.

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We cannot ensure whether, when, or in what amount we will pay dividends in the future.

Any future declaration or distribution of dividends is at the discretion of our Board and subject to approval by our Shareholders. Our ability to pay dividends will depend on a range of factors, including our profitability, cash flow position, financial condition, operating and capital expenditure needs, the level of distributable profits under PRC GAAP or HKFRS (whichever is lower), our Articles of Association, the PRC Company Law and other applicable PRC laws and regulations, market conditions, our long-term business strategy, as well as any contractual or regulatory restrictions.

Given these considerations, we cannot guarantee that dividends will be declared or paid in any particular amount or at any particular time. We may also not be able to distribute dividends in accordance with any stated dividend policy. As a result, investors may not receive a return on their investment through dividend payments.

Our Company is a PRC tax resident and is subject to PRC tax on its global income, and the dividends payable to [REDACTED] and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

As we are a PRC tax resident enterprise, we are subject to PRC tax on our worldwide income. In addition, dividends paid to, and gains realized upon the sale or other disposition of our H Shares by, non-PRC resident [REDACTED] may be subject to PRC tax under applicable laws and regulations.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the relevant implementing rules, non-PRC resident individual [REDACTED] are generally subject to PRC individual income tax at a rate of 20% on PRC-sourced dividends and gains, unless specifically exempted or reduced under an applicable tax treaty. Pursuant to applicable administrative regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong generally withhold individual income tax at a rate of 10% when distributing dividends to non-PRC resident individuals. However, if no applicable tax treaty exists, or if the [REDACTED] identity or applicable treaty rate cannot be verified, a higher withholding rate of up to 20% may apply. At present, there is uncertainty as to whether, and how, PRC individual income tax will be imposed on gains derived by non-PRC resident individuals from the disposition of H Shares, and the tax treatment may evolve.

Non-PRC resident enterprise [REDACTED] that do not have an establishment or premises in the PRC, or whose gains are not effectively connected with such establishment or premises, are generally subject to PRC enterprise income tax at a rate of 10% on dividends received and gains realized upon the disposal of equity interests pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its related regulations. Such withholding tax may be reduced or eliminated under applicable tax treaties. We currently intend to withhold PRC enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of our H Shares, although enterprise [REDACTED] that qualify for a reduced treaty rate must apply to the PRC tax authorities for a refund of any excess amounts withheld.

As of the Latest Practicable Date, there are no specific rules on how gains realized by non-PRC resident enterprise holders from the sale or transfer of H Shares should be taxed. The interpretation and enforcement of relevant PRC tax laws and regulations remain uncertain, and the PRC tax authorities may

RISK FACTORS

issue new rules or adopt new practices regarding the taxation of dividends and capital gains. If PRC tax is imposed on gains from the disposition of our H Shares or if withholding obligations increase, the value of our H Shares and the [REDACTED] may be materially and adversely affected.

Our Single Largest Group of Shareholders may exert significant influence over our operations and strategic decisions, and their interests may not align with those of other Shareholders.

Our Single Largest Group of Shareholders will continue to be able to exercise substantial influence over our Company’s affairs, including matters that require approval of Shareholders, such as the election of Directors, amendments to our constitutional documents, mergers, acquisitions, disposals of substantial assets, or other significant corporate actions. Accordingly, they may be in a position to determine the outcome of such matters regardless of how other Shareholders vote.

The interests of our Single Largest Group of Shareholders may differ from, or conflict with, those of our other Shareholders. They may make decisions, or cause us to pursue strategies or transactions that serve their own interests but are not aligned with — or may even be detrimental to — the interests of our minority Shareholders. This could affect the implementation of our business plans, the allocation of resources, or the pursuit of opportunities, and may in turn materially and adversely affect our business operations, financial condition and prospects.

Certain facts, forecasts and statistics in this Document derived from publicly available sources may not be reliable.

Certain facts, forecasts and statistics included in this Document, particularly those relating to China, the PRC economy or the industry in which we operate, are derived from publicly available government publications and other official sources. While we have taken reasonable care in reproducing or extracting such information for inclusion in this Document, these materials have not been prepared or independently verified by us or by the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy.

Official statistics may involve estimation methods, sampling limitations, or inconsistencies between published data and actual market conditions. In addition, information from PRC government sources may not be comparable with similar data from other jurisdictions, whether due to differences in methodology, data collection practices or reporting standards. Accordingly, such statistics may be inaccurate, incomplete, or not compiled on a basis consistent with that used elsewhere.

[REDACTED] should therefore exercise caution when interpreting or relying on any such facts, forecasts or statistics and should consider carefully the degree of weight to attribute to them.

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

This Document contains forward-looking statements regarding our business strategy, future plans, financial performance, market prospects and other matters. These statements are typically identified by words or phrases such as “believe,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “aim,” “may,” “will,” “would,” “could,” “should,” “continue,” “predict,” and similar expressions. Such statements are based on assumptions made by our management, many of which may prove inaccurate.

RISK FACTORS

Forward-looking statements are inherently subject to risks and uncertainties — many of which are beyond our control — that could cause actual results, performance or achievements to differ materially from those expressed or implied. Accordingly, the inclusion of forward-looking statements in this Document should not be regarded as a representation, warranty or prediction of future events, performance or achievements. [REDACTED] should consider these statements in light of the risk factors set out in this section.

Subject to the requirements of the Listing Rules, we do not undertake any obligation to update or revise any forward-looking statement in this Document, whether as a result of new information, future events or otherwise. [REDACTED] should therefore not place undue reliance on such forward-looking information. All forward-looking statements in this Document are expressly qualified by this cautionary statement.

You should read the entire Document carefully, and you should not place reliance on any information contained in press articles or other media.

You should read the entire Document carefully. We strongly caution you not to rely on any information contained in press articles or other media regarding us or the [REDACTED]. Prior to the publication of this Document, there may have been press or media coverage relating to us or the [REDACTED]. Such reports may contain information — including operating or financial data, projections, valuations or other details — that does not appear in this Document.

We have not authorized the disclosure of any such information in the press or other media and do not accept any responsibility for the accuracy, completeness or reliability of any such information or publication. We make no representation as to the appropriateness or relevance of such information for making [REDACTED]. To the extent that any such information is inconsistent with or conflicts with the information contained in this Document, we disclaim responsibility for it, and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

MANAGEMENT PRESENCE IN HONG KONG SAR

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong SAR. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong SAR.

Since all our business operations are not principally located, managed or conducted in Hong Kong SAR, and our Directors consider that the relocation of our executive Directors to Hong Kong SAR or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong SAR would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong SAR for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between the Stock Exchange and us by way of the following arrangements:

- (i) **Authorized Representatives:** both of our Company’s authorized representatives, Mr. Yao and Ms. Au Ching (歐正) (“**Ms. Au**”), will act as our Company’s principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

- (ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number (if any) and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong SAR possesses or can apply for valid travel documents to visit Hong Kong SAR and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

- (iii) **Compliance Advisor:** we have appointed Rainbow Capital (HK) Limited as our compliance advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. Pursuant to

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

the Note of Rule 3A.23, the compliance advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the compliance advisor may need or may reasonably require in connection with the performance of the compliance advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the compliance advisor, and will keep the compliance advisor fully informed of all communications and dealings between the Stock Exchange and us.

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

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

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

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

- (i) length of employment with the issuer and other issuers and the roles they played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong SAR, they also need to have experience relevant to our Company's operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company's business and affairs as company secretary.

We have appointed Mr. Xu and Ms. Au as our joint company secretaries. Since Mr. Xu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. Xu, we have appointed Ms. Au, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the [REDACTED] so as to enable Mr. Xu to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Xu as our joint company secretary. Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, such waiver [has been granted] on the conditions that:

- (i) Ms. Au is appointed as a joint company secretary to assist Mr. Xu in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules;
- (ii) our Company will further ensure that Mr. Xu has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Our Hong Kong legal advisors have provided training to Mr. Xu on the principal requirements of the Listing Rules and the Hong Kong SAR laws and regulations applicable to our Company after the [REDACTED]. In addition, Mr. Xu will endeavour to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the [REDACTED];
- (iii) Mr. Xu has confirmed that he will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;
- (iv) before the expiry of Mr. Xu's initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules;
- (v) this waiver will be revoked immediately if and when Ms. Au ceases to provide such assistance during the three-year period, and we undertake to re-apply to the Stock Exchange for a waiver in the event that Ms. Au ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company. In addition, this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company

For a period of three years from the date of [REDACTED], our Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Mr. Xu, having had the benefit of Ms. Au's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

For biographical information of Mr. Xu and Ms. Au, see "Directors and Senior Management" in this Document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yao Haiping (姚海平)	Room 1802 No. 6, Lane 25, Guoquan Road Yangpu District Shanghai PRC	Chinese
Dr. Shen Bo (沈泊)	Room 605, Building 16 No. 788 Hongxu Road Minhang District Shanghai PRC	Chinese
Mr. Zhong Qi (鍾琪)	No. 106, Lane 538, Zhenghe Road Yangpu District Shanghai PRC	Chinese
Non-executive Directors		
Ms. Zhang Wenqian (張雯茜)	Room 304, No. 4 Tianshansuncun Changning District Shanghai PRC	Chinese
Mr. Zhang Zhibin (張志斌)	No. 705, Unit 2, Building 4 Phase 5, Shijichengyuandayuan Haidian District Beijing PRC	Chinese
Dr. Robert Yung (容志誠) (alias Dr. Yung, Chi Shing Robert)	Flat C, 8/F, Blk T5, One Beacon Hill, 1 Beacon Hill Road, Kowloon Tong, Kowloon, Hong Kong	American

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Independent Non-executive Directors

Ms. Chu, Pak Fei Tiffany (朱柏霏)	Unit C, 33/F Block 2, One Silversea 18 Hoi Fai Road Tai Kok Tsui Kowloon Hong Kong	Chinese (Hong Kong)
Mr. Liu, Sai Keung Thomas (廖世強)	5C, Block 11 Royal Ascot 1 Chun King Road Sha Tin Hong Kong	Chinese (Hong Kong)
Dr. Zeng Xiaoyang (曾曉洋)	No. 220 Handan Road Yangpu District Shanghai PRC	Chinese

Note: As of the Latest Practicable Date, Mr. Liu Hongming (劉洪明), Mr. Shen Sha (沈沙), Mr. Li Wenkui (李文魁), Mr. Xu Wei (許維), Mr. Yang Yunfeng (楊運峰) and Ms. Wei Yiman (魏伊曼) were our Directors. Each of them will resign from directorship, effective upon [REDACTED].

The appointment of Dr. Shen as an executive Director and the appointment of Ms. Chu, Pak Fei Tiffany, Mr. Liu, Sai Keung Thomas and Dr. Zeng Xiaoyang as independent non-executive Directors have already been approved by way of a general meeting of the Company on January 13, 2026 and will become effective upon [REDACTED].

For details with respect to our Directors, please see the section headed “Directors and Senior Management” in this Document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen’s Road Central Hong Kong

Legal Advisors to the Company	<i>As to Hong Kong SAR law and U.S. law:</i> Jia Yuan Law Office Suites 3502–3503, 35/F One Exchange Square, 8 Connaught Place Hong Kong

As to PRC law:
Jingtian & Gongcheng
45/F, K.Wah Center,
1010 Huaihai Road (M),
Shanghai, PRC

*As to U.S. Outbound Investment Rule, U.S. export control
and international sanctions*
Commerce & Finance Law Offices
12–14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]	<i>As to Hong Kong SAR law:</i> King & Wood Mallets 13/F, Gloucester Tower, The Landmark 15 Queen’s Road Central, Central Hong Kong

As to PRC law:
King & Wood Mallets
17th Floor, One ICC, Shanghai ICC
999 Middle Huai Hai Road, Xuhui District
Shanghai, PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Reporting Accountants

KPMG

Certified Public Accountants

Public Interest Entity Auditor

registered in accordance with the

Accounting and Financial Reporting

Council Ordinance

8th Floor, Prince’s Building

10 Chater Road

Central

Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

2504 Wheelock Square 1717

Nanjing West Road

Shanghai, PRC

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office	Building B2 Hefei Innovation Industrial Park Phase 3 Intersection of Jiangjunling Road and Wanshui Road High-Tech Zone, Hefei Anhui Province, PRC
Address of Head Office in the PRC	Building B2 Hefei Innovation Industrial Park Phase 3 Intersection of Jiangjunling Road and Wanshui Road High-Tech Zone, Hefei Anhui Province, PRC
Principal Place of Business in Hong Kong SAR	31/F., Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company’s Website	http://www.artosyn.cn/ <i>(the information contained on the website does not form part of this Document)</i>
Joint Company Secretaries	Mr. Xu Wei (許維) Unit 105, No. 8 Lane 10, Jinping Road Changning District Shanghai, PRC Ms. Au Ching (歐正) <i>(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Mr. Yao Haiping (姚海平)

Room 1802

No. 6, Lane 25 Guoquan Road

Yangpu District

Shanghai

PRC

Ms. Au Ching (歐正)

(an associate member of both

The Hong Kong Chartered Governance Institute and

The Chartered Governance Institute in the

United Kingdom)

31/F., Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Audit Committee

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INDUSTRY OVERVIEW

*The information and statistics set out in this section and other sections of this Document were extracted from the independent industry report prepared by Frost & Sullivan (the “**Frost & Sullivan Report**”), which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [REDACTED]. We believe that the sources of the information in this section and other sections of this Document are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, or any of their respective directors and advisers or any other persons or parties involved in the [REDACTED], and no representation is given as to the accuracy of such information.*

VISION CHIP INDUSTRY OVERVIEW

Definition and Classification of Vision Chips

Vision Systems are the primary means by which machines and devices acquire external information, and are widely applied across fields such as consumer electronics, smart IoT, intelligent manufacturing, embodied intelligence, and intelligent automobiles.

Vision chips constitute the core chip ecosystem that supports the full processing chain of visual information, including image and video acquisition, processing, transmission, storage, and display. In a broad sense, vision chips cover multiple categories, including image sensors, vision processing SoCs, video transmission chips, back-end main controllers, as well as supporting components such as memory and power management chips.

Within a vision system, multiple functional chips operate in a coordinated manner to enable the full processing chain from image acquisition and enhancement to transmission, reception, and output:

- Image sensors convert external optical signals into processable digital image data;
- Vision processing chips perform comprehensive visual data processing and optimization on standardized signals and complete data compression to reduce the burden of subsequent transmission and storage;
- Video transmission chips convert compressed video streams into wireless transmission signals to enable long-distance and stable data transmission;
- Back-end main controllers receive and decode transmitted image signals while controlling video display or writing data into storage devices.

Vision Chips Continue to Evolve Toward Greater Intelligence

The global artificial intelligence industry has entered a phase of broader application adoption, with ongoing advances in model architectures, multimodal technologies, and open-source ecosystems supporting continued deployment across multiple industries.

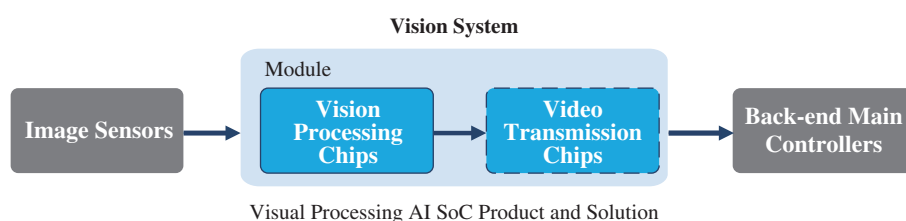
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In this context, vision chips and related solutions are increasingly integrating AI capabilities. While traditional vision solutions mainly perform basic image processing functions such as noise reduction and format conversion, vision AI chips, supported by heterogeneous computing architectures, enable more advanced functions, including object detection, feature extraction, and scene analysis. Improvements in image quality, resolution, and processing efficiency have been achieved concurrently. As vision chips continue to evolve toward higher levels of intelligence, closer coordination among different chips has become increasingly important to ensure efficient, real-time, and reliable system-level performance. In addition, the incorporation of visual interaction capabilities, such as gesture recognition and visual feedback, is expanding the application scope of vision solutions across different use cases.

VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of Visual Processing AI SoC Product and Solution

A visual processing AI SoC product and solution is an integrated hardware-software solution dedicated to intelligent visual data processing, which mainly comprises an AI SoC, associated modules and professional technical services. It acts as the core computing and control platform in vision systems. It processes raw image data captured by cameras through image enhancement functions such as noise reduction, color calibration, and dynamic range optimization, and outputs high-quality video streams for stable transmission to back-end devices. The solution aims to achieve high image quality, low-latency, low power consumption, and reliable performance.



Source: Expert Interview, Frost & Sullivan Report

Visual AI SoCs, together with complementary video transmission chips, form the core foundation of visual processing AI SoC product and solution. A visual processing AI SoC is purpose-built for visual data processing and integrates functional units such as CPU, GPU, ISP (Image Signal Processor), NPU and video codecs through a heterogeneous architecture to enable coordinated computing.

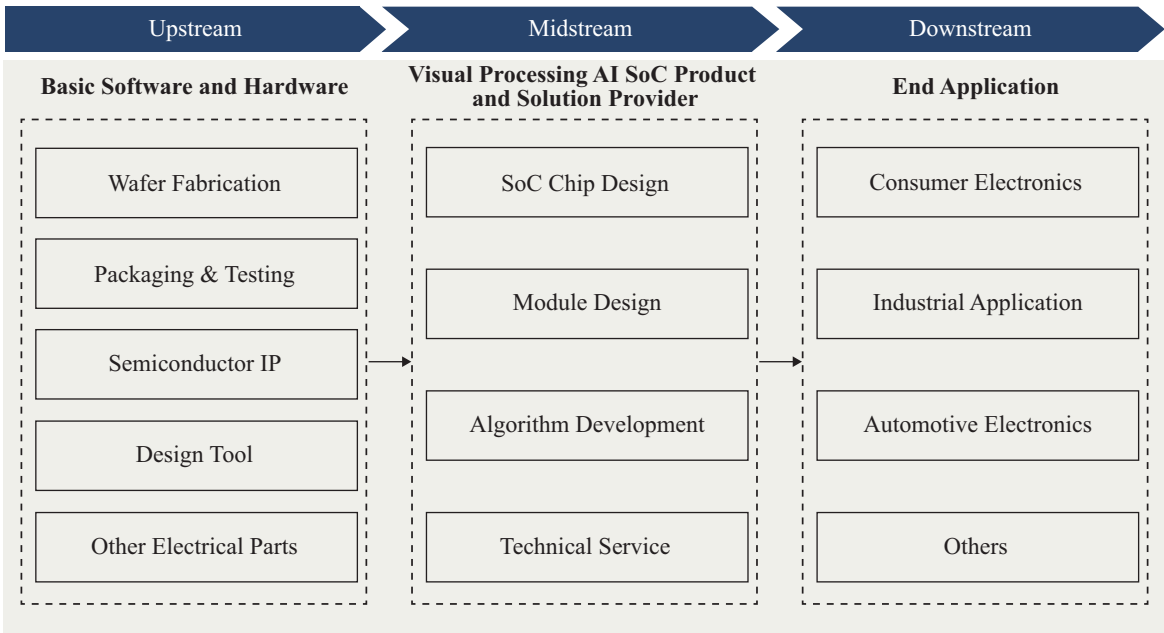
Within the SoC, the ISP serves as a dedicated image-processing unit, using hardware acceleration optimized for visual signals to perform preprocessing tasks including noise reduction, color calibration, and dynamic range enhancement, thereby generating high-quality standardized signals that support subsequent intelligent functions such as object recognition, visual perception, and interaction. Compared with traditional ISPs based on fixed algorithms, AI ISPs integrate deep learning models and leverage NPU computing capabilities to enable adaptive image optimization under complex conditions such as low-light or motion-intensive scenes.

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The NPU, as the dedicated AI computing unit within the AI SoC, acts as the primary computing engine for deep learning inference, supporting efficient parallel processing with high energy efficiency. Through close coordination between the AI ISP and the NPU, visual AI SoCs are able to achieve real-time intelligent processing under power constraints, while supporting cost-effective deployment at the edge.

Complementing the visual AI SoC, the video transmission chip is responsible for encoding, modulation, and stable transmission of image and video data, enabling long-distance, low-latency, anti-interference and reliable communication through protocol encapsulation and interference mitigation. As system integration continues to advance, video transmission capabilities are increasingly implemented as integrated functional modules within visual AI SoCs, enhancing coordination between visual processing and transmission while improving overall system efficiency.

Visual Processing AI SoC Product and Solution Industry Chain



Source: Expert Interview, Frost & Sullivan Report

The visual processing AI SoC product and solution industry chain is structured across upstream, midstream, and downstream segments, with each layer playing a distinct role in enabling the development, integration, and application of visual processing AI SoC product and solutions.

The upstream segment comprises basic software and hardware providers, including wafer fabrication, packaging and testing services, semiconductor IP vendors, design tools, and other electronic component suppliers, which together provide the manufacturing capabilities, design infrastructure, and foundational technologies required for visual processing chip development. The midstream segment centers on visual processing AI SoC product and solution providers, with the AI SoC serving as the core of the overall solution, covering SoC chip design, module design, algorithm development, and related technical services, through which upstream technologies are integrated into complete, application-ready visual processing solutions. The downstream segment consists of end application markets such as

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consumer electronics, industrial applications, automotive electronics, and other emerging use cases, where visual processing AI SoCs product and solutions are embedded into end products to support intelligent perception, visual analysis, and related functions.

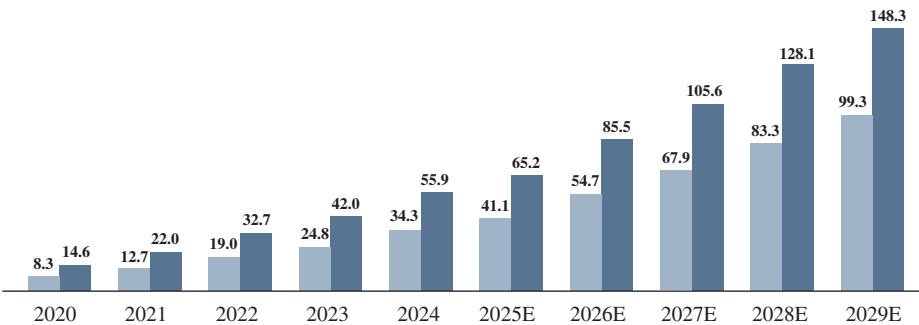
Market Size of Global and China Visual Processing AI SoC Product and Solution

The visual processing AI SoC product and solution market has recorded significant growth in both China and global markets, supported by broader adoption of high-performance visual computing in multiple application scenarios. In China, the visual processing AI SoC product and solution market grew from RMB8.3 billion in 2020 to RMB34.3 billion in 2024, representing a CAGR of 42.4%, driven by increasing adoption in downstream applications including UAVs (unmanned aerial vehicles), smart wearables, security analysis, AIoT terminals, as well as new energy vehicles. Supported by continued expansion of application scenarios and improvements in industry supply capabilities, the China market is projected to reach RMB99.3 billion by 2029, with a CAGR of 24.7% between 2025 and 2029. Globally, the visual processing AI SoC product and solution market increased from RMB14.6 billion in 2020 to RMB55.9 billion in 2024, achieving a CAGR of 39.8%, and is expected to further expand to RMB148.3 billion by 2029, with a CAGR of 22.8% over the forecast period, as visual processing AI SoC product and solutions continue to penetrate a wide range of end-use markets.

Global and China Visual Processing AI SoC Product and Solution Market Size, 2020–2029E

	CAGR	2020-2024	2025-2029E
China		42.4%	24.7%
Global		39.8%	22.8%

Unit: Billion RMB



Source: Semiconductor Equipment and Materials International, Expert Interview, Frost & Sullivan Report

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Market Drivers and Trends of Visual Processing AI SoC Product and Solution Industry

- *Upgrading demand and expanding application scenarios continue to support market growth*

As AI technologies advance, demand for AI visual processing continues to deepen. Established sectors such as consumer electronics and industrial manufacturing are accelerating intelligent transformation, while emerging scenarios including smart wearables, embodied intelligence, and intelligent driving are creating diversified application needs. Market demand is evolving from standalone chips toward integrated solutions combining hardware adaptation, algorithm optimization, and scenario customization, providing sustained momentum for market expansion.

- *Advances in AI SoC technologies and architectures further address application requirements*

Ongoing iteration of AI SoCs enables closer alignment with key market needs, including high-definition video processing, low-power operation, high integration, and cost efficiency. Highly integrated heterogeneous architectures reduce system size and deployment costs, facilitating adoption across diverse end-device scenarios. In parallel, emerging architectures such as compute-in-memory are expected to improve data-processing efficiency and energy performance, helping to address the trade-off between computing capability and power consumption at the edge.

- *Deepening industry-chain collaboration supports a healthy ecosystem*

Closer coordination across the value chain enables upstream component suppliers and midstream product and solution providers to optimize hardware-algorithm compatibility, while downstream customers provide application-level feedback to guide solution refinement. This collaborative dynamic accelerates the transition from development to commercialization and supports the scaled deployment of vision processing AI SoC product and solutions.

UAV VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of UAV Visual Processing AI SoC Product and Solution

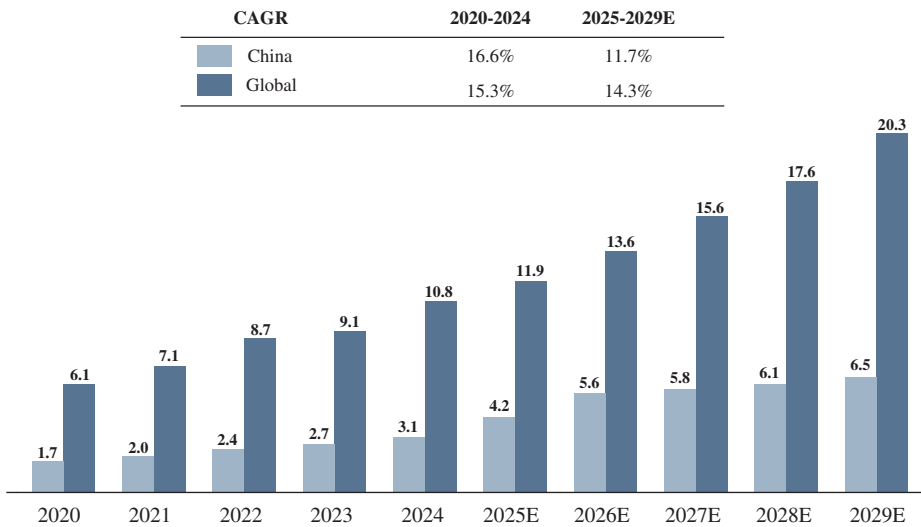
UAV (Unmanned Aerial Vehicles) visual processing AI SoC product and solution provides core technical support for UAVs by leveraging a heterogeneous visual AI SoC architecture incorporating integrated NPUs with high energy efficiency. These solutions enable autonomous obstacle avoidance, precise target tracking, and defect identification in inspection scenarios, while supporting low-latency and high-stability video transmission. As a result, they facilitate efficient visual data output across application scenarios such as professional aerial photography, power infrastructure inspection, agricultural operations, and geographic surveying.

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Global and China UAV Shipment

UAV shipments in China and globally expanded quickly during the initial phase of market development and are now moving toward a more mature stage. In China, UAV shipments increased from 1.7 million units in 2020 to 3.1 million units in 2024, driven by the continuous expansion of application scenarios. Shipments are expected to further increase to 6.5 million units by 2029, supported by rising demand across industrial, consumer electronics, and emerging low-altitude economy applications. Globally, UAV shipments grew from 6.1 million units in 2020 to 10.8 million units in 2024 and are projected to reach 20.3 million units by 2029. While major markets are moving toward higher penetration levels, overall demand continues to expand as UAV use cases broaden and deepen, with growth increasingly supported by application diversification, replacement demand, and performance-driven upgrades.

Global and China UAV Shipment (in million), 2020–2029E



Source: Federal Aviation Administration, Expert Interview, Frost & Sullivan Report

Market Size of Global and China UAV Visual Processing AI SoC Product and Solution

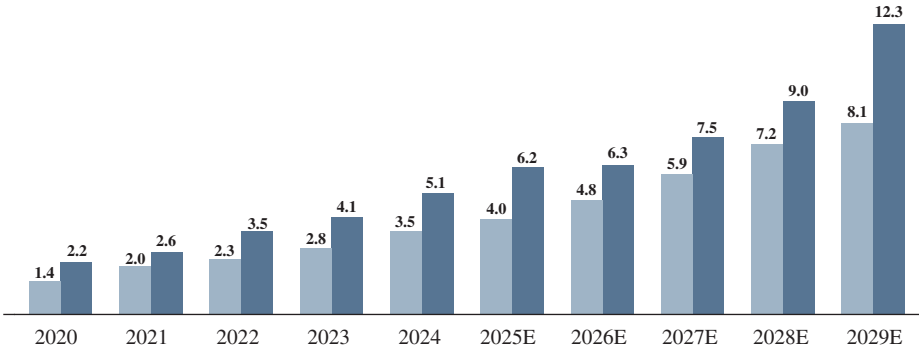
The UAV visual processing AI SoC product and solution market has experienced rapid growth in both China and globally in recent years. Serving as the major manufacturing base of UAVs, China’s market expanded from RMB1.4 billion in 2020 to RMB3.5 billion in 2024, representing a CAGR of 26.0%, driven by the expanding adoption of UAVs in aerial imaging, industrial inspection, agriculture, security, and surveying applications; the market is expected to further grow to RMB8.7 billion by 2029 at a CAGR of 21.2%. At the global level, the market grew rapidly from RMB2.2 billion in 2020 to RMB5.1 billion in 2024, and is expected to continue expanding to RMB12.3 billion by 2029 with a CAGR of 18.8% from 2025 to 2029, supported by ongoing adoption across multiple application scenarios and rising demand for high performance products.

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Global and China UAV Visual Processing AI SoC Product and Solution Market Size, 2020–2029E

	CAGR	2020-2024	2025-2029E
China		26.0%	21.2%
Global		23.4%	18.8%

Unit: Billion RMB



Source: Semiconductor Equipment and Materials International, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of UAV Visual Processing AI SoC Product and Solution Industry

- Expansion of the low-altitude economy drives UAV AI visual processing demand***

The accelerated development of the low-altitude economy, which reached a global market size of RMB1.6 trillion in 2024, is expanding UAV applications across aerial imaging, inspection, agriculture, surveying, and public services. As UAVs become a core enabling platform within this ecosystem, demand for AI visual processing continues to increase. Enabled by visual processing AI SoCs, UAVs support autonomous obstacle avoidance, target tracking, anomaly detection, and low-latency video transmission. In parallel, multi-camera fusion, edge intelligence, and high-resolution imaging are driving visual architectures toward higher integration and stronger real-time performance.

- FPV drones raise performance and integration requirements***

The growth of FPV (First Person View) drones, spanning both consumer and emerging low-altitude applications, is increasing requirements for AI visual processing and core SoCs, including accurate recognition in high-speed and complex environments, low-latency transmission, and lightweight system design. SoCs must balance real-time AI computing performance with power efficiency, while higher integration supports diverse device configurations. The continued expansion of the FPV drone segment is expected to further stimulate demand for AI visual processing solutions and accelerate technology iteration.

- UAV intelligence upgrade accelerates adoption of AI visual processing solutions***

UAVs are evolving from remotely controlled platforms toward higher levels of autonomy and intelligence, with increasing reliance on onboard perception, decision-making, and real-time response capabilities. The shift toward intelligent flight control, autonomous navigation, and scenario-aware operations significantly increases the demand for advanced visual perception and edge AI computing. Visual processing AI SoCs enable UAVs to perform real-time visual analysis, environment

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understanding, and adaptive decision-making at the front end, reducing dependence on remote computing and enhancing operational safety and efficiency. This trend toward UAV intelligence continues to drive the penetration of AI visual processing solutions.

AIOT VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

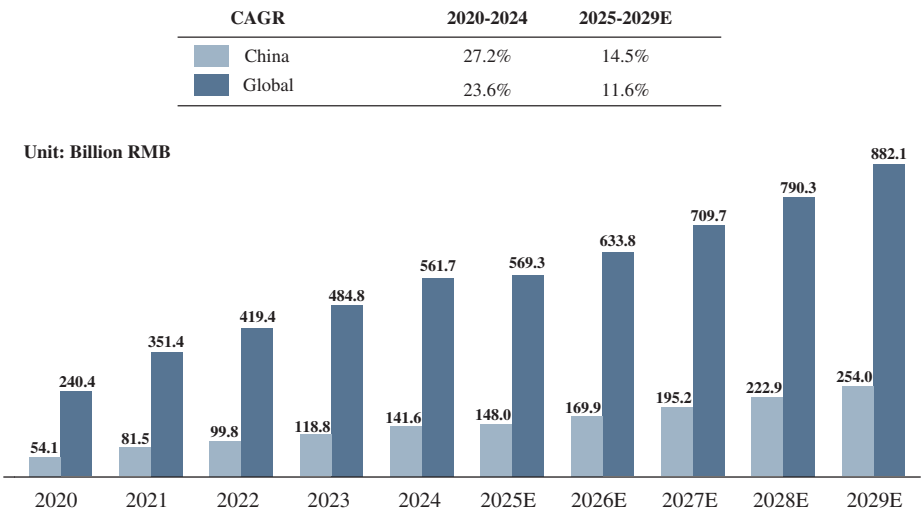
Definition of AIoT Visual Processing AI SoC product and Solution

AIoT (Artificial Intelligence of Things) refers to the integration of AI capabilities with IoT systems to enable intelligent perception, analysis, and decision-making at the edge and across connected devices. In AIoT scenarios, visual processing AI SoCs serve as a core perception enabler by leveraging their capability to handle complex workloads and support continuous monitoring. Across use cases including residential living, industrial production, campus security, and environmental supervision, AIoT systems can accurately identify equipment abnormalities, non-compliant human behaviors, and changes in environmental conditions.

Market Size of Global and China AIoT

The global and China AIoT markets have expanded steadily since 2020. In China, the market size increased from RMB54.1 billion in 2020 to RMB141.6 billion in 2024, representing a CAGR of 27.2%, and is projected to further grow to RMB254.0 billion by 2029, implying a CAGR of 14.5% from 2025 to 2029. In parallel, the global market grew from RMB240.4 billion in 2020 to RMB561.7 billion in 2024, representing a CAGR of 23.6%, and is expected to reach RMB882.1 billion by 2029, implying a CAGR of 11.6% from 2025 to 2029. Growth is supported by continued rollout of smart home, smart security, industrial internet, and environmental monitoring applications, with AIoT endpoints penetrating households, public spaces, and production environments and increasingly serving as a key terminal layer underpinning the digital economy.

Global and China AIoT Market Size, 2020–2029E



Source: China Academy of Information and Communications Technology, Expert Interview, Frost & Sullivan Report

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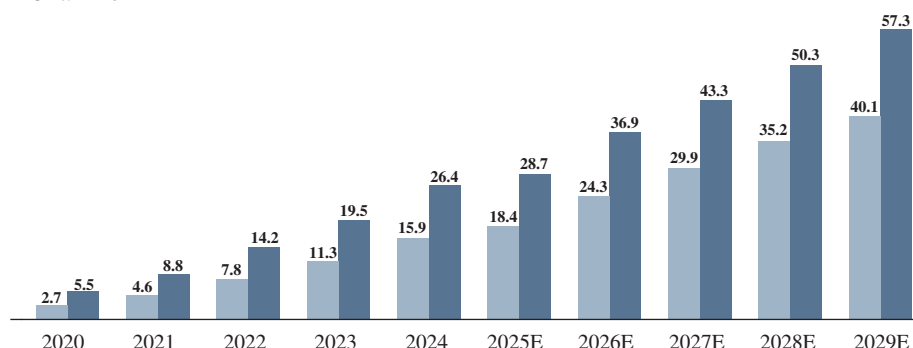
Market Size of Global and China AIoT Visual Processing AI SoC Product and Solution

The global and China AIoT visual processing AI SoC product and solution market are entering an accelerated growth stage. In China, the market size increased from RMB2.7 billion in 2020 to RMB15.9 billion in 2024, representing a CAGR of 55.3%, and is projected to reach RMB40.1 billion by 2029, implying a CAGR of 21.5% from 2025 to 2029. In parallel, the global market grew from RMB5.5 billion in 2020 to RMB26.4 billion in 2024, representing a CAGR of 48.4%, and is expected to expand to RMB57.3 billion by 2029, implying a CAGR of 18.8% from 2025 to 2029. Growth is primarily driven by the increasing connection of endpoints and the shift of visual AI algorithms toward on-device execution; as demand for real-time video analytics strengthens across more scenarios, AIoT endpoints are increasingly adopting solutions that integrate camera modules with visual processing AI SoCs, thereby accelerating market penetration and demand release.

Global and China AIoT Visual Processing AI SoC Product and Solution Market Size, 2020–2029E

	CAGR	2020-2024	2025-2029E
China		55.3%	21.5%
Global		48.4%	18.8%

Unit: Billion RMB



Source: China Academy of Information and Communications Technology, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of AIoT Visual Processing AI SoC Product and Solution Industry

- **Consumer AIoT visual applications are gaining momentum, driving comprehensive upgrades of smart home endpoints.**

In consumer use cases, IoT devices equipped with cameras and AI capabilities are being adopted at an accelerating pace, improving safety and wellness in home settings. Smart home endpoints are increasingly deploying on-device intelligence and completing image recognition and behavior analysis locally through visual processing AI SoCs, rather than relying on cloud processing. As the smart home ecosystem matures, visual processing AI SoCs are becoming a standard configuration for household IoT devices, providing a key growth engine for the AIoT consumer market. Beyond smart home, camera-enabled consumer electronics are also expanding into emerging mobile accessory categories such as handheld gimbals and thumb-sized cameras, further broadening the addressable applications for visual processing AI SoCs.

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- *Intelligent upgrades in security analysis are stimulating demand for visual AI-enabled devices.*

Security analysis is shifting from passive recording to proactive, intelligent analytics, with cameras playing a central role in capturing and structuring visual data. Urban safe-city programs and enterprise security upgrades are driving substantial demand for embedded AI security analysis devices; camera systems integrated with visual processing AI SoCs can perform complex tasks such as real-time license-plate recognition and behavior analysis at the edge. In addition, multispectral fusion that combines thermal imaging and visible light is increasingly adopted in patrol and fire-prevention early-warning scenarios, enhancing recognition and alerting capabilities under low-light and foggy conditions. Under this trend, rising demand for intelligent front-end security devices is injecting incremental momentum into the visual processing AI SoC product and solution market.

- *Industrial AIoT adoption is accelerating, driving demand for real-time visual analytics on-device.*

In industrial production, factories and industrial parks increasingly deploy cameras and vision sensors for process monitoring, defect detection, safety compliance, and asset protection. Industrial endpoints equipped with visual processing AI SoCs can execute inspection and anomaly detection on-device, reducing latency and bandwidth consumption while improving reliability in complex on-site environments. This trend also extends to industrial robots and mobile platforms, where on-device visual perception supports navigation, inspection, and human-machine collaboration. As industrial digitalization deepens, on-device visual intelligence is becoming a key infrastructure layer for industrial AIoT, further expanding the addressable market for visual processing AI SoCs.

SMART WEARABLE DEVICES VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET OVERVIEW

Definition of Smart Wearable Devices Visual Processing AI SoC Product and Solution

Smart Wearable Devices implement lightweight on-device intelligence through visual processing AI SoCs, which integrate and coordinate multiple functional modules to support real-time environmental understanding, image enhancement, and object recognition. In applications such as AR/AI glasses, smartwatches, and health-focused wearables, Smart Wearable Devices leverage visual processing AI SoCs to deliver scenario-based intelligent services under constraints of low power consumption and compact form factor, thereby enhancing the human-machine interaction experience.

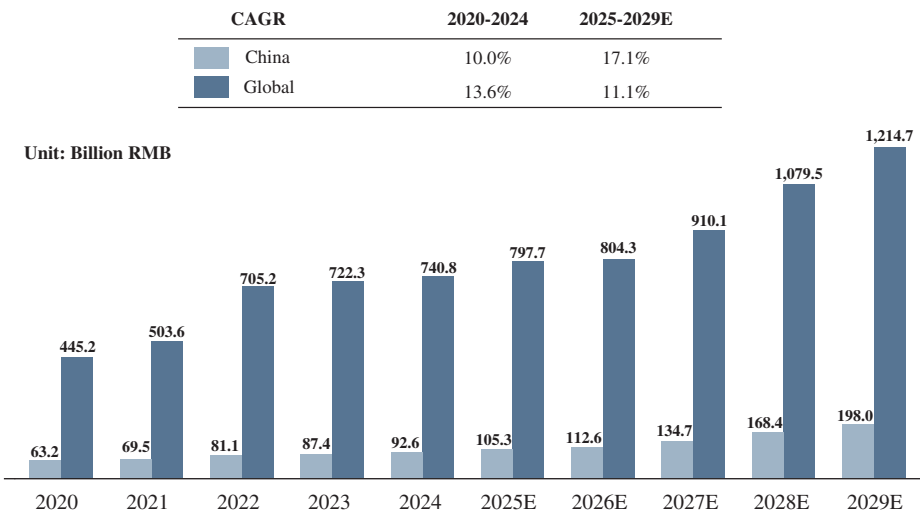
Market Size of Global and China Smart Wearable Devices

The global and China Smart Wearable Devices markets have maintained a steady expansion trend since 2020. In China, the market size increased from RMB63.2 billion in 2020 to RMB92.6 billion in 2024, representing a CAGR of 10.0% from 2020 to 2024, and is projected to further expand to RMB198.0 billion by 2029, implying a CAGR of 17.1% from 2025 to 2029. In parallel, the global market grew from RMB445.2 billion in 2020 to RMB740.8 billion in 2024, representing a CAGR of 13.6% from 2020 to 2024, and is expected to reach RMB1,214.7 billion by 2029, implying a CAGR of 11.1% from 2025 to 2029. Growth is primarily driven by the rising demand for multi-sensory, context-aware interactions in smart wearables, with visual perception increasingly becoming a core enabler. Wearable devices are also evolving rapidly, with continued upgrades across smartwatches, wristbands, smart earphones, and smart glasses. In parallel, emerging form factors such as AI assistants and AI

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glasses are seeing increasing shipments. Market expansion is further supported by deeper penetration into professional use cases, including medical health, sports, and fitness, collectively sustaining relatively rapid growth.

Global and China Smart Wearable Devices Market Size, 2020–2029E



Source: IDC, Expert Interview, Frost & Sullivan Report

Market Size of Global and China Smart Wearable Devices Visual Processing AI SoC Product and Solution

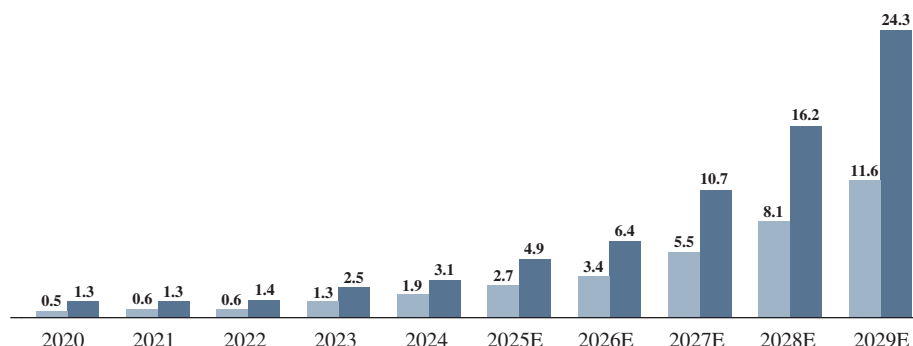
The global and China Smart Wearable Devices visual processing AI SoC product and solution markets have exhibited rapid growth in recent years. In China, the market expanded from RMB0.5 billion in 2020 to RMB1.9 billion in 2024, representing a CAGR of 39.0% from 2020 to 2024, and is projected to further increase to RMB11.6 billion by 2029, implying a CAGR of 44.2% from 2025 to 2029. In parallel, the global market grew from RMB1.3 billion in 2020 to RMB3.1 billion in 2024, representing a CAGR of 25.6% from 2020 to 2024, and is expected to reach RMB24.3 billion by 2029, implying a CAGR of 49.2% from 2025 to 2029. The expansion is primarily driven by accelerating adoption of AI glasses and AR glasses equipped with cameras and visual perception capabilities, alongside broader application penetration, continued performance improvements, and further cost reductions, positioning smart wearables as a key incremental demand driver for visual processing AI SoCs.

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Global and China Smart Wearable Devices Visual Processing AI SoC Product and Solution Market Size, 2020–2029E

	CAGR	2020-2024	2025-2029E
China		39.0%	44.2%
Global		25.6%	49.2%

Unit: Billion RMB



Source: IDC, Expert Interview, Frost & Sullivan Report

Market Drivers and Trends of Smart Wearable Devices Visual Processing AI SoC Product and Solution Industry

- ***Rising demand for on-device visual perception is pushing visual compute from the cloud to wearable SoCs.***

Smart Wearable Devices such as smart glasses, selected smartwatches, and smart rings are increasingly integrating cameras and other imaging sensors, resulting in rapidly growing image/video data volumes. As more visual workloads migrate from the cloud to on-device execution, Smart Wearable Devices are accelerating adoption of visual processing AI SoCs. This shift is also driven by the need for lower latency, improved privacy protection, and more reliable user experiences in weak-network or offline environments. In turn, Smart Wearable Devices require tighter hardware-software co-optimization to sustain real-time performance within strict power budgets.

- ***Rapid growth of AR glasses is driving iteration toward highly integrated, low-power visual processing AI SoCs.***

AR glasses represent an evolutionary step beyond AI glasses, with substantially higher requirements on visual capability. Compared with AI glasses that typically focus on basic audio/video capture and processing, AR glasses require continuous perception, spatial understanding, and real-time visual interaction and rendering. AR/AI glasses must continuously perform capture, recognition, and spatial localization under stringent constraints on form factor and battery capacity, raising requirements for performance-per-watt and system-level integration. Accordingly, AR/AI glasses are driving visual processing AI SoCs to evolve toward higher integration, more advanced process nodes, and heterogeneous architectures.

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AR glasses are expected to enter a rapid shipment ramp-up phase from 2024 onward. In China, AR glasses shipments are projected to increase from 0.29 million units in 2024 to 44.92 million units in 2029. Meanwhile, global AR glasses shipments are expected to rise from 0.48 million units in 2024 to 81.67 million units in 2029. This accelerating shipment momentum is expected to contribute materially to the growth of AR glasses visual processing AI SoC product and solution, with the China market projected to expand from RMB0.9 billion in 2024 to RMB8.1 billion in 2029, and the global market expected to grow from RMB2.2 billion to RMB17.0 billion over the same period.

- *On-device deployment of generative AI and multimodal foundation models is catalyzing higher level local intelligence use cases.*

With ongoing progress in model compression and inference acceleration, large-model capabilities are increasingly shifting from the cloud to the device, enabling Smart Wearable Devices to target AI-Agent level assistant scenarios. To support on-device large models and multimodal inference, Smart Wearable Devices require visual processing AI SoCs to provision higher compute and memory/storage resources. At the application level, this enables more natural interaction paradigms such as context-aware assistance and real-time visual Q&A. It also raises requirements for runtime frameworks, model scheduling, and efficient memory management to balance capability and battery life.

COMPETITIVE LANDSCAPE OF VISUAL PROCESSING AI SOC PRODUCT AND SOLUTION MARKET

Ranking in Visual Processing AI SoC Product and Solution Market

The China visual processing AI SoC product 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. Our Company ranked 8th in the market with revenue of RMB0.4 billion and a market share of 1.3%. The table below presents the ranking of companies in China’s visual processing AI SoC product and solution market, as measured by revenue in 2024.

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Ranking	Company	2024 Revenue (Billion RMB)	Market Share
1	Company A ¹	2.8	8.2%
2	Company B ²	2.3	6.6%
3	Company C ³	1.5	4.4%
4	Company D ⁴	1.4	4.1%
5	Company E ⁵	1.4	4.1%
6	Company F ⁶	1.0	3.0%
7	Company G ⁷	1.0	2.9%
8	Our Company	0.4	1.3%

Source: Expert Interview, Frost & Sullivan Report

Ranking in China UAV Visual Processing AI SoC Product and Solution Market

The China UAV visual processing AI SoC product and solution market is characterized by relatively high concentration, with leading participants capturing major market share. In 2024, China UAV visual processing AI SoC product and solution market reached RMB3.5 billion. Our Company ranked 3rd in the market, with a market share of 8.0%. The following table presents the ranking of companies in China UAV visual processing AI SoC product and solution market, as measured by revenue in 2024.

Ranking	Company	2024 Revenue (Billion RMB)	Market Share
1	Company A	0.7	20.1%
2	Company B	0.3	8.6%
3	Our Company	0.3	8.0%

Source: Expert Interview, Frost & Sullivan Report

¹ A private company founded in 2004, headquartered in China, primarily focuses on the design and development of SoC solutions

² A publicly listed semiconductor company founded in 1985, headquartered in the United States, primarily engaged in the development of wireless communication technologies and SoC solutions

³ A publicly listed semiconductor company founded in 2017, headquartered in China, primarily focuses on the design and development of AI vision SoC solutions for smart security and IoT applications.

⁴ A publicly listed semiconductor company founded in 1997, headquartered in Taiwan, primarily focuses on the design and development of mobile, connectivity and multimedia SoC solutions for smartphones, smart devices and IoT applications.

⁵ A publicly listed semiconductor company founded in 2001, headquartered in China, primarily focuses on the design and development of application processor and AIoT SoC solutions for smart devices, industrial and automotive applications.

⁶ A publicly listed semiconductor company founded in 2004, headquartered in China, primarily focuses on the design and development of video security analysis SoC and ISP solutions for smart security and IoT applications.

⁷ A publicly listed fabless semiconductor company founded in 2007, headquartered in China, primarily focuses on the design and development of application processor SoC, high-performance analog IC and wireless connectivity solutions for smart devices and IoT applications.

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ENTRY BARRIERS

Customer barriers: Leading customers impose stringent requirements on solution stability, delivery capability, and long-term technology-iteration support. They tend to engage core suppliers in joint defining and co-development around frontier needs, shifting requirements upstream to the chip architecture and algorithm/solution design stage. New entrants typically must undergo lengthy validation cycles before being admitted into core customer supply systems and achieving sustained orders.

Technology barriers: Visual processing AI SoCs are required to deliver high compute performance and high reliability under constraints of low power consumption and compact form factor. This sets a high bar for chip-architecture design, algorithm optimization, and end-to-end hardware-software co-design capabilities. In addition, competitiveness typically depends on comprehensive system-level capabilities, such as sensing, on-device processing, and data transmission, rather than isolated breakthroughs in visual processing alone. Sustained R&D investment and patent deployment further reinforce the technological threshold.

Talent barriers: The industry relies heavily on interdisciplinary engineering teams with expertise spanning algorithms, chips, systems, and application scenarios. Scarcity of senior R&D and productization talent creates a meaningful time gap for latecomers in team building and know-how accumulation.

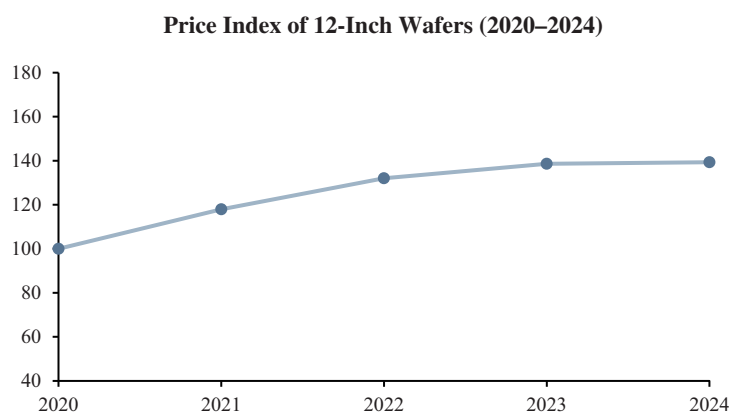
Supply chain barriers: Visual processing AI SoCs and related modules depend on foundry, packaging and testing, components, and manufacturing partners, with complex capacity, yield, and delivery-cycle management. Only companies with strong supply chain management capabilities and stable partner networks can build advantages in scaled shipments and cost control.

Capital barriers: Chip design, tape-out validation, and early-stage solution development require substantial upfront investment and entail long payback periods. Adequate and stable funding is essential for sustained R&D, securing large customer programs, and navigating industry cycles, resulting in a high barrier to entry.

INDUSTRY OVERVIEW

Cost Analysis of Visual Processing AI SoC product and Solution

Wafer accounts for the largest proportion in the cost structure of a visual processing AI SoC, reaching approximately 60% to 70%, with packaging and testing constituting the major portion of the remaining costs. The 12-inch silicon wafers serve as a mainstream manufacturing platform for Visual Processing AI SoC production. During 2020 to 2022, the semiconductor industry maintained a relatively high level of prosperity, with robust downstream demand, and wafer prices showed a clear upward trend. In 2023 and 2024, as supply-demand dynamics normalized, the pace of wafer price increases narrowed significantly and prices stabilized. Looking forward, wafer prices are expected to broadly follow the 2023 and 2024 pattern and continue to fluctuate within a narrow range over the next few years. The chart below illustrates the 12-inch wafer price trend over the past five years.



Source: Desk Research, Frost & Sullivan

SOURCES OF INFORMATION AND RESEARCH METHODOLOGY

We engaged Frost & Sullivan for preparing an independent industry report in respect of the [REDACTED]. The information from Frost & Sullivan disclosed in the Document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB600,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing government statistics, industry association publication, company reports, independent research reports and data based on its own research database.

REGULATORY OVERVIEW

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Regulations on the Integrated Circuit Industry

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

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

On March 12, 2021, the NPC approved the Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Long-Range Objectives for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which clarifies that the PRC should foster advanced manufacturing clusters and promote the innovation and development of industries such as integrated circuits, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

On October 23, 2025, the 20th Central Committee of the Communist Party of China Approved the Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development (《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》), stating that efforts should be intensified to boost original innovation and tackle key core technological problems. The new nationwide system will be refined, extraordinary measures adopted, and a full-chain push made to achieve decisive breakthroughs in tackling key core technologies in priority fields such as integrated circuits, industrial machine tools, high-end instruments, basic software, advanced materials, and biomanufacturing.

Regulations relating to Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress of the PRC (the “SCNPC”) on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

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On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”) and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective and simultaneously replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (the “**MOFCOM**”) and the State Administration for Market Regulation (the “**SAMR**”) jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and pursuant to which, the establishment of the foreign invested enterprises by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), which were promulgated by the NDRC and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the “**Encouraging Catalog**”), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and shall become effective on February 1, 2026, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Negative List and the Encouraging Catalog, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Internet Information Security

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), effective as of June 1, 2017, and last amended on October 28, 2025, with that amendment taking effect on January 1, 2026. The Cybersecurity Law applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines “network” as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. “Network operators,” who are broadly defined as owners and administrators of

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networks and network service providers, are subject to various security protection-related obligations, including but limited to: (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (2) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) following the principles of legality, legitimacy and necessity, disclosing the rules of collection and use, making clear the purpose, means and scope of collection and use of information, and obtaining the consent of the person whose information is collected.

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

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

On September 24, 2024, the State Council promulgated the Regulation on the Administration of Cyber Data Security (《網絡數據安全管理條例》), which provides more detailed guidelines on the current rules on various aspects of data processing, including the processors’ announcement of data processing rules, obtaining consents and separate consents, security of important data and cross-border transfer of data, and further obligations of platform operators.

Furthermore, on July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which became effective on September 1, 2022. Such data export measures require that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment

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by the CAC before transferring any personal information abroad, including the following circumstances: (1) important data will be provided overseas by any data processor; (2) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal information of more than 1,000,000 individuals; (3) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (4) other circumstances where the security assessment is required as prescribed by the CAC. The security assessment requirement also applies to any transfer of important data outside of China.

Privacy Protection

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

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

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

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which the individual is a party. It has also set out a number of specific rules on the obligations of processors of personal information, such as informing individuals of the purpose and method of processing, and the obligations of third parties who obtain personal information through co-processing or entrustment.

REGULATIONS RELATING TO CUSTOMS DECLARATION

The Customs Law of the PRC (《中華人民共和國海關法》) was promulgated by the SCNPC on January 22, 1987 and effective from July 1, 1987, and last amended on April 29, 2021, stipulate that the customs of the PRC is a governmental organization responsible for supervision and control over all arrivals in and departures from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

According to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) issued by the General Administration of Customs of the PRC (the “GACC”) on November 19, 2021 and effective from January 1, 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed. According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of “Integrating Multiple Certificates into One” (《關於報關單位備案全面納入“多證合一”改革的公告》) jointly issued by the GACC and the SAMR on December 20, 2021 and effective from January 1, 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of “Integrating Multiple Certificates into One” and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) issued by the SCNPC on December 30, 2022 deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorized thereby, namely the filing of foreign trade dealers. The Foreign Trade Law of the PRC, incorporating this change in its last amendment dated on December 27, 2025, will take effect on March 1, 2026.

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Regulations on Production Safety

Pursuant to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), or the Production Safety Law, promulgated by the SCNPC on June 29, 2002 and implemented on November 1, 2002, and last revised on June 10, 2021, entities engaged in production and business activities in Chinese Mainland shall comply with the Production Safety Law and other laws and regulations related to production safety. Entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, promote the development of production safety standards, and improve the production level to ensure their production safety. The primary persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Regulations on Product Quality

As per the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) enacted by the SCNPC on February 22, 1993, and most recently amended and implemented on December 29, 2018, producers shall be responsible for the quality of their products. The product quality shall meet the following requirements: (i) no unreasonable dangers endangering the safety of persons and property; where there are national or industry standards ensuring the health and safety of persons and property, such standards must be complied with; (ii) the product shall possess the properties it is supposed to possess, except where the product's flaws in their properties are explicitly stated; and (iii) the product shall comply with the product standards stated on the product or its packaging, and meet the quality conditions as represented in product descriptions, physical samples, etc.

Regulations on Real Estate

The Civil Code of the People's Republic of China (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, taking effect on March 1, 2015 and amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 21, 2024, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

Regulations on the Management of Lease Housing

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and latest amended on August 26, 2019 and took effect on January 1, 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural

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Development on December 1, 2010 and came into effect on February 1, 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

PRC LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) was enacted by the SCNPC on March 12, 1984, implemented on April 1, 1985, and most recently revised on October 17, 2020, with implementation from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, implemented on July 1, 2001, and most recently revised on December 11, 2023, with implementation from January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

Trademark

The Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, implemented on March 1, 1983, and most recently revised on April 23, 2019, with implementation from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, implemented on September 15, 2002, and most recently revised on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

Layout-Designs of Integrated Circuits

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were issued by the State Council on April 2, 2001, and implemented on October 1, 2001. According to these regulations, natural persons, legal persons or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs.

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The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Domain Name

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the MIIT on August 24, 2017, and implemented on November 1, 2017. According to these management measures, the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

Computers Software Copyright

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

Trade Secrets

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

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REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

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

The Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994, implemented on January 1, 1995, and most recently revised and implemented on December 29, 2018. The Labor Law of the People’s Republic of China stipulates matters related to promoting employment, labor contracts, working hours, rest and leave, wages, labor safety and hygiene, special protection for female and minor workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection, as well as legal liabilities.

The Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) was issued by the SCNPC on June 29, 2007, implemented on January 1, 2008, and most recently revised on December 28, 2012, with the revision taking effect on July 1, 2013. The Implementation Regulation of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) were issued and implemented by the State Council on September 18, 2008. According to the aforementioned law and regulation, a written labor contract shall be established when forming a labor relationship. Employers shall not force employees to work overtime and must pay overtime wages according to national regulations if overtime is arranged. Wages must not be lower than the local minimum wage standard and must be paid to employees promptly.

Social Insurance

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

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Pursuant to the PRC Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was promulgated on July 31, 2025 and took effect on September 1, 2025, Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People’s Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing Provident Fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last revised on March 24, 2019, employers in Chinese Mainland shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing provident fund. Employers who fail to contribute to the above social insurance and housing provident funds may be subject to a fine and ordered to make full payment within a prescribed time period. If an employing entity fails to make the payment towards the social insurance and housing provident funds within a prescribed time limit, an application may be made to a people’s court for enforcement.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, an investor shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and implemented on October 6, 2014, “overseas investment” means the acts of an enterprise legally formed in China to own a non-financial enterprise or obtain the ownership, control, or right of business management of or any other interest in an existing non-financial enterprise outside of China by formation, acquisition or merger, or other means. The MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

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Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

REGULATIONS ON FOREIGN EXCHANGE

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of [REDACTED] shall be consistent with the purposes disclosed in this Document or other public documents.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the

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principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "EIT Law") which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "defacto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Enterprises that are recognized as high and new technology enterprises in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science, the Ministry of Finance (the "MOF") and the SAT are entitled to enjoy a preferential enterprise income tax rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate. An enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

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Value-added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), both amended by the SCNPC on December 25, 2024 and effective on January 1, 2026, which replace the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with this Law. Taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods are subject to a tax rate of 13% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, which has been partially repealed by the Announcement of the Ministry of Finance and the State Administration of Taxation on Improving the Policy of VAT Final Period Input VAT Credit Refund (《財政部、稅務總局關於完善增值稅期末留抵退稅政策的公告》) (Cai Shui [2025] No. 7), effective September 1, 2025, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the

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dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷稅漏稅的安排》第五議定書), or the Fifth Protocol, issued by The State Administration of Taxation and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, amended by the SCNPC and effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the State Administration of Taxation and effective July 24, 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing

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stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《所得稅避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax related to equity transfer income

For Individual [REDACTED]

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

For Enterprise [REDACTED]

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

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Stamp Duty

According to the Stamp Duty Law of the People’s Republic of China (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the [REDACTED] H Shares by non-Chinese Mainland [REDACTED] outside of the Chinese Mainland is not subject to the requirements of the Stamp Duty Law of the People’s Republic of China.

REGULATIONS RELATING TO [REDACTED] AND LISTING

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the [REDACTED] and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and relevant five guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to [REDACTED] and list securities in overseas markets, either in direct or indirect means (the “**Overseas [REDACTED] and Listing**”), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents. Subject to specific circumstances, the Overseas Listing Trial Measures require that, among other things, (i) [REDACTED] or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent [REDACTED] of an issuer on the same overseas market where it has previously [REDACTED] and listed securities shall be filed with the CSRC within three working days after the [REDACTED] is completed, and (iii) subsequent [REDACTED] or listings of an issuer on other overseas markets other than where it has [REDACTED] and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

The Overseas Listing Trial Measures also set forth the issuer’s reporting obligations in the event of occurrence of material events (the “**Material Events**”) after the Overseas [REDACTED] and Listing. If the overseas [REDACTED] and listing has been deemed as indirect Overseas [REDACTED] and Listing by PRC domestic enterprises, the issuer shall make a detailed report to the CSRC within 3 working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas [REDACTED] and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within 3 working days after the occurrence of the relevant change to provide an explanation of the relevant situation. According to the Overseas Listing Trial Measures, the PRC domestic enterprises engaging in Overseas [REDACTED] and Listing activities shall strictly comply with the PRC laws, administrative regulations, and relevant provisions on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. The PRC domestic enterprise that conducts Overseas [REDACTED] and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the

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PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provisions of personal information and important data.

In addition, the Overseas Listing Trial Measures also provides the circumstances where the Overseas [REDACTED] and Listing is explicitly prohibited, including: (i) such [REDACTED] and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas [REDACTED] and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic enterprise is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On February 24, 2023, the CSRC together with National Administration of State Secrets Protection and National Archives Administration of China have promulgated the Provisions on Strengthening the Confidentiality and File Management of Domestic Enterprises Related to Overseas Issuance of Securities and Listing (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), according to which, during the overseas [REDACTED] and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, employ necessary measures to implement the responsibility for confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Guidelines for the Full Circulation**”), which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

REGULATORY OVERVIEW

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDCC of the shares related to the application has been completed. On December 31, 2019, CSDCC and the Shenzhen Stock Exchange (“SZSE”) jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

On September 20, 2024, the Shenzhen Branch of CSDCC issued the Guidelines to the Program for “Full Circulation” of H-shares of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》), which are applicable to the business preparation, cross-border share transfer registration and overseas centralized custody, the initial maintenance of details of domestic shareholding and the maintenance of its changes, corporate actions, clearing, settlement and risk management measures. On the same day, China Securities Depository and Clearing (Hong Kong) Company Limited issued the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》), which is applicable to businesses such as share custody and depository, agent service, arrangement for settlement and delivery, and risk management measures.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a market-leading visual processing AI SoC supplier in China with solid solutions capabilities. Leveraging deep industry knowledge that we integrate with our innovative technology, we offer a diverse product portfolio applicable to consumer and industrial AI scenarios. Our products seamlessly integrate into UAVs, AIoT and smart wearables applications, continuously expanding the application landscape and enhancing the utility of smart devices.

Our history can be traced back to July 12, 2011, when our Company was established as a limited liability company. After rounds of financing and with the strong support of our core management team, founders, strategic investors and partners, we have gathered a diverse group of shareholders covering industrial investors and financial institutions, laying a solid foundation for sustainable development. For details of our Pre-[REDACTED] Investments, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section. On December 11, 2025, our Company was converted into a joint stock company with limited liability.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets out a summary of our Group’s key corporate and business development milestones:

Year	Development Milestones
2011	Our Company was established in the PRC.
2016	We were recognized as a High-tech Enterprise (高新技術企業) by the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會), Shanghai Municipal Bureau of Finance (上海市財政局) and Shanghai Municipal Tax Service of the State Taxation Administration (國家稅務總局上海市稅務局).
2020	We completed the Series A Financing (as defined below).
2021	We completed the Series B Financing (as defined below). We launched the AR93 series AI SoC chips, including the AR9341 chips. We completed the Series B+ Financing (as defined below).
2022	We launched the AI SoC products AR9311 and ARS31 in June. We introduced the AR8030 series wireless communication chips in November.
2023	We completed the Series B++ Financing (as defined below). We were recognized among “Top 30 AI Chip Pioneer Enterprises in China” (中國AI芯片企業先鋒企業Top 30).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Development Milestones
2024	We were awarded the title of National-Level Specialized, Refined, Distinctive and Innovative “Little Giant” Enterprise (國家級專精特新「小巨人」企業) by Department of Economy and Information Technology of Anhui Province (安徽省經濟和信息化廳). We launched the AR94 series AI SoC chips, including AR9481 and ARS45. We won the “Strong Chip China 2024 Emerging Product Award” (強芯中國 2024 新銳產品獎).
2025	Our Company was converted into a joint stock company with limited liability under the name of Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有限公司) in December. We completed the Series C Financing (as defined below).

OUR MAJOR SUBSIDIARIES

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

Name of subsidiary	Date and place of establishment/ incorporation	Equity interest attributable to the Group	Principal business activities
Shanghai Kuxin Semiconductor Co., Ltd. (上海酷芯半導體有限公司)	September 20, 2022, PRC	100%	Research and development and sales of chip products
Shanghai Kuxin Intelligent Technology Co., Ltd. (上海酷芯智能科技有限公司)	September 6, 2019, PRC	100%	Research and development and sales of chip products
Kuxin Microelectronics (Hongkong) Limited (酷芯微電子(香港)有限公司)	September 21, 2017, Hong Kong	100%	Sales of chip products

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT

Establishment and Early Development of our Company

Our history can be traced back to July 2011, when our Company was established in the PRC as a limited liability company with a registered capital of US\$200,000, with Artosyn Inc. (a company incorporated in the British Virgin Islands) as the sole shareholder. At that time, Artosyn Inc. was owned by Mr. Yao, Mr. Zhong, Mr. Ko Ping Keung (高秉強) (“**Mr. Ko**”), Mr. Yao Hairong (姚海容) and Mr. Pan Rihua (潘日華) as to 35%, 22.5%, 20%, 12.5% and 10%, respectively.

The registered capital of our Company was increased from US\$200,000 to US\$2,000,000 on July 27, 2015, and further to RMB18,000,000 on May 6, 2019. All the increased registered capital was subscribed by Artosyn Inc.

Shareholding Restructuring in 2019

On August 30, 2019, Artosyn Inc. entered into an equity transfer agreement with Shanghai Yingmou, Shanghai Zehan, Mr. Ko, Shanghai Yingmou Enterprise Management Consulting Partnership (Limited Partnership) (上海迎眸企業管理諮詢合夥企業(有限合夥)) (“**Yingmou LP**”), Shanghai Huimou, Shanghai Lingmou, Shanghai Jixuan and HK Panorama Urbain Capital Company Limited (“**HK Panorama**”). Pursuant to such equity transfer agreement, Artosyn Inc. agreed to transfer approximately 20.04%, 30.09%, 10.69%, 9.87%, 7.58%, 7.98%, 5.00% and 8.74% of the then equity interest in our Company to the ultimate beneficial owners or their holding platforms of the then shareholders of Artosyn Inc., namely Shanghai Yingmou, Shanghai Zehan, Mr. Ko, Yingmou LP, Shanghai Huimou, Shanghai Lingmou, Shanghai Jixuan and HK Panorama, respectively, for considerations of RMB5,560,109, RMB8,350,667, RMB2,967,364, RMB2,739,107, RMB2,104,540, RMB2,215,602, RMB1,387,578 and RMB2,426,597, respectively (the “**2019 Transfers**”). The consideration of the above equity transfers was determined based on arm’s length negotiation among the parties with reference to the appraised net asset value of our Company as of September 30, 2018. Such equity transfers were completed on September 24, 2019.

Following completion of the aforesaid equity transfers, the shareholding structure of our Company was as follows:

No.	Shareholder(s)	Registered share capital subscribed for (RMB)	Equity interest (%)
1.	Shanghai Zehan ⁽¹⁾	5,416,344	30.09%
2.	Shanghai Yingmou ⁽²⁾	3,606,354	20.04%
3.	Mr. Ko ⁽³⁾	1,924,668	10.69%
4.	Yingmou LP ⁽³⁾	1,776,618	9.87%
5.	HK Panorama ⁽³⁾	1,573,920	8.74%
6.	Shanghai Lingmou ⁽⁴⁾	1,437,066	7.98%
7.	Shanghai Huimou ⁽⁴⁾	1,365,030	7.58%
8.	Shanghai Jixuan ⁽⁴⁾	900,000	5.00%
Total:		18,000,000	100%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Shanghai Zehan was an investment platform of Mr. Yao, Dr. Shen and Mr. Zhong. At that time, the general partner of Shanghai Zehan was Mr. Zhong holding one-third of its partnership interests, and limited partners of Shanghai Zehan were Mr. Yao and Dr. Shen, each holding one-third of its partnership interests.
- (2) Shanghai Yingmou was an investment platform of Mr. Yao, Dr. Shen and Mr. Zhong. At that time, it was owned by Mr. Yao, Dr. Shen and Mr. Zhong as to approximately 36.15%, 36.62% and 27.23%, respectively.
- (3) See “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (4) Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan is a Pre-[REDACTED] Employee Incentive Platform. For details, see “— Employee Incentive Platforms” in this section.

Series A Financing in 2020

In March 2020, our Company completed the series A financing through capital increases as detailed below (the “**Series A Financing**”). For further details, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section. As a result, the registered capital of our Company increased to RMB19,080,000.

No.	Subscriber(s)	Registered capital subscribed for (RMB)	Consideration (RMB)
1.	Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd. (上海張江浩成創業投資有限公司) (“ Shanghai Zhangjiang Haocheng ”) ⁽¹⁾	720,000	40,000,000
2.	Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業投資有限公司) (“ Shanghai Zhangjiang Torch ”) ⁽¹⁾	360,000	20,000,000

Note:

- (1) See “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.

Series B Financing in 2021

In January 2021, our Company completed the series B financing through capital increases as detailed below (the “**Series B Financing**”). For further details, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section. As a result, the registered capital of our Company increased to RMB25,076,573.

No.	Subscriber(s)	Registered capital subscribed for (RMB)	Consideration (RMB)
1.	Beijing Integrated Circuit Advanced Manufacturing and High-end Equipment Equity Investment Fund Center (L.P.) (北京集成電路先進製造和高端裝備股權投資基金中心(有限合夥)) (“ Beijing Integrated Circuit ”) ⁽¹⁾	1,090,286	80,000,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Subscriber(s)	Registered capital subscribed for (RMB)	Consideration (RMB)
2.	Huaxu (Guangzhou) Industrial Investment Fund Management Partnership (L.P.) (華胥(廣州)產業投資基金管理合夥企業(有限合夥)) (“ Huaxu Guangzhou ”) ⁽¹⁾	1,090,286	80,000,000
3.	Suzhou Fangguang Phase III Venture Capital Partnership (L.P.) (蘇州方廣三期創業投資合夥企業(有限合夥)) (“ Suzhou Fangguang ”) ⁽¹⁾	1,090,286	80,000,000
4.	Shanghai Zhangjiang Suifeng Innovation Equity Investment Fund Partnership (L.P.) (上海張江燧鋒創新股權投資基金合夥企業(有限合夥)) (“ Shanghai Zhangjiang Suifeng ”) ⁽¹⁾	545,143	40,000,000
5.	Suzhou Yuanzhixin Venture Capital Partnership (L.P.) (蘇州元之芯創業投資合夥企業(有限合夥)) (“ Suzhou Yuanzhixin ”) ⁽¹⁾	477,000	35,000,000
6.	Nanjing Jinti Venture Capital Partnership (L.P.) (南京金體創業投資合夥企業(有限合夥)) (“ Nanjing Jinti ”)	272,571	20,000,000
7.	Gongqingcheng Fenghao Investment Partnership (Limited Partnership) (共青城豐灝投資合夥企業(有限合夥)) (currently known as Jiaxing Fenghao Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (嘉興豐灝創業投資合夥企業(有限合夥))) (“ Jiaxing Fenghao ”) ⁽²⁾	272,571	20,000,000
8.	Zhuhai Zhongyi Yingfei New Industry Investment Fund (Limited Partnership) (珠海中以英飛新興產業投資基金(有限合夥)) (“ Zhuhai Zhongyi ”)	272,571	20,000,000
9.	Jiangsu Jiequan Jinmao New Materials Venture Capital Partnership (L.P.) (江蘇趵泉金茂新材料創業投資合夥企業(有限合夥)) (“ Jiangsu Jiequan ”)	204,429	15,000,000
10.	Kunshan Fumao Venture Capital Partnership (L.P.) (昆山復茂創業投資合夥企業(有限合夥)) (“ Kunshan Fumao ”)	204,429	15,000,000
11.	Suzhou Bangming Yue’an Venture Capital Center (L.P.) (蘇州邦明躍安創投中心(有限合夥)) (“ Suzhou Bangming ”)	136,286	10,000,000
12.	Shanghai Bangming Yangshang Venture Capital Center (Limited Partnership) (上海邦明揚商創投中心(有限合夥)) (“ Shanghai Bangming Yangshang ”)	136,286	10,000,000
13.	Yangzhou Longchuan Industrial Transformation and Upgrade Investment Center (L.P.) (揚州龍川產業轉型升級基金(有限合夥)) (“ Yangzhou Longchuan ”)	136,286	10,000,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Subscriber(s)	Registered capital subscribed for (RMB)	Consideration (RMB)
14.	Shenzhen Tianxia Future Investment Enterprise (L.P.) (深圳天下未來投資企業(有限合夥)) (“ Shenzhen Tianxia ”)	68,143	5,000,000

Notes:

- (1) See “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (2) Jiaying Fenghao transferred the entire equity interests held in our Company to its affiliate, Yangzhou Xinhao, at the same consideration in 2024.

Equity Transfers in 2021

In 2021, the following equity transfers were completed by our then Shareholders (the “**2021 Transfers**”). For further details, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section.

Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
Shanghai Zehan	Huaxu Guangzhou	395,946	30,000,000
	Shanghai Runyuan Enterprise Management Center (Limited Partnership) (上海閩原企業管理中心(有限合夥)) (“ Shanghai Runyuan ”)	270,563	20,500,000
	Jinan Ruixin No.1 Investment Center (Limited Partnership) (濟南睿芯一號投資中心(有限合夥)) (“ Jinan Ruixin ”)	32,995	2,500,000
Yingmou LP	Jinan Ruixin	230,968	17,500,000
	Sichuan Sichuan Shanghai Cooperation Innovation Equity Investment Fund Partnership (L.P.) (四川川滬合作創新股權投資基金合夥企業(有限合夥)) (“ Sichuan Shanghai ”)	250,766	19,000,000
	Mr. FAN Weiguang (范維光) (“ Mr. Fan ”)	13,198	1,000,000
Mr. Ko	Brizan Ventures LP (“ Brizan Ventures ”)	96,815	7,335,450

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series B+ Financing in 2021

In December 2021, our Company completed the series B+ financing through capital increases as detailed below (the “**Series B+ Financing**”). For further details, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section. As a result, the registered capital of our Company increased to RMB25,931,457.

No.	Subscriber(s)	Registered capital subscribed for (RMB)	Consideration (RMB)
1.	Sichuan Shanghai	270,713	23,750,000
2.	Heze Qiaobei Jingrui Venture Capital Partnership Enterprise (Limited Partnership) (荷澤喬貝京瑞創業投資合夥企業(有限合夥)) (“ Heze Qiaobei ”)	227,969	20,000,000
3.	Huzhou Jiacheng Zhihe Equity Investment Partnership Enterprise (Limited Partnership) (湖州嘉誠致和股權投資合夥企業(有限合夥)) (“ Huzhou Jiacheng ”)	170,977	15,000,000
4.	Wuhan Guide Electronic Industrial Co., Ltd. (武漢市高德電氣有限公司) (“ Wuhan Guide ”)	170,977	15,000,000
5.	Mr. Fan	14,248	1,250,000

Series B++ Financing in 2023

In February 2023, our Company completed the series B++ financing through capital increases as detailed below (the “**Series B++ Financing**”). For further details, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section. As a result, the registered capital of our Company increased to RMB27,181,724.

No.	Subscriber(s)	Registered capital subscribed for (RMB)	Consideration (RMB)
1.	Anhui Intelligent Voice Artificial Intelligence Phase II Venture Capital Partnership (Limited Partnership) (安徽省智能語音人工智能二期創業投資合夥企業(有限合夥)) (“ Anhui Intelligent Voice AI Phase II ”) ⁽¹⁾	926,123	100,000,000
2.	Anhui Province Intelligent Voice and Artificial Intelligence Venture Capital Partnership (L.P.) (安徽省智能語音及人工智能創業投資合夥企業(有限合夥)) (“ Anhui Intelligent Voice ”) ⁽¹⁾	324,143	35,000,000

Note:

(1) See “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfer to a Pre-[REDACTED] Employee Incentive Platform in 2023

On October 20, 2023, Shanghai Yingmou entered into an equity transfer agreement with Shanghai Yuegan (a Pre-[REDACTED] Employee Incentive Platform), pursuant to which Shanghai Yingmou agreed to transfer 4.50% of the then equity interest in our Company to Shanghai Yuegan, for a consideration of RMB1,885,877. The consideration of the above equity transfer was determined based on the acquisition cost paid by Shanghai Yingmou.

Equity Transfer in 2023

Pursuant to an equity transfer agreement dated December 25, 2023, Shanghai Zhangjiang Haocheng transferred the equity interests of RMB332,813 in our Company to Nanjing Huaruan Chuangyi Equity Investment Partnership Enterprise (Limited Partnership) (南京華軟創熠股權投資合夥企業(有限合夥)) (“**Nanjing Huaruan**”) at a consideration of RMB30 million, being the same as the consideration of Shanghai Zhangjiang Haocheng (the “**2023 Transfer**”). Such consideration was determined based on arm’s length negotiations between the relevant parties taking into consideration, among others, (i) the timing of investment and (ii) the consideration of the transferor’s investment in our Company, and was completed on December 27, 2023.

Conversion into a Joint Stock Company with Limited Liability

On December 1, 2025, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters’ agreement entered into by all the then Shareholders on even date, all promoters approved the conversion of RMB123,648,408.40 in net asset value of our Company as of May 31, 2025 into 27,181,724 Shares of RMB1 par value each, with the remaining RMB96,466,684.40 in net assets converted to capital reserves of our Company. The 27,181,724 Shares were issued to the then Shareholders in proportion to their capital contribution to our Company. Upon the completion of registration on December 11, 2025, our Company was converted into a joint stock company with limited liability.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series C Financing in 2025

In December 2025, our Company completed the series C financing through equity transfers and capital increases as detailed below (the “**Series C Financing**”). For further details, please refer to the paragraph headed “— Pre-[REDACTED] Investments” in this section. As a result, the registered capital of our Company increased to RMB30,886,218.

(i) Transfers of existing Shares

Transferor	Transferee	Number of Shares	Consideration (RMB)
Shanghai Yingmou	GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司) (“ GigaDevice ”) ⁽¹⁾	275,376	nil ⁽²⁾
	Hefei Shixi Zhaoyi Chuangzhi Entrepreneurship Investment Fund Partnership Enterprise (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業 (有限合夥)) (“ Hefei Shixi ”) ⁽¹⁾	69,247	nil ⁽²⁾
	Hefei Guozheng Duoze Phase II Equity Investment Fund Partnership Enterprise (Limited Partnership) (合肥國正多澤二期股權投資基金合夥企業 (有限合夥)) (“ Hefei Guozheng ”) ⁽¹⁾	6,449	nil ⁽²⁾
	Hefei Jianhui Zhanxin Equity Investment Fund Partnership Enterprise (Limited Partnership) (合肥建匯戰新股權投資基金合夥企業 (有限合夥)) (“ Hefei Jianhui ”) ⁽¹⁾	19,347	nil ⁽²⁾
	Hunan Junxi High Tech Innovation Phase II Technology Industry Fund Partnership Enterprise (Limited Partnership) (湖南鈞犀高創二期科技產業基金合夥企業 (有限合夥)) (“ Hunan Junxi ”) ⁽¹⁾	239,395	nil ⁽²⁾
	Shanghai Zhide Hengyun No.1 Private Investment Fund Partnership (Limited Partnership) (上海值得恒運壹號私募投資基金合夥企業 (有限合夥)) (“ Shanghai Zhide ”)	47,879	nil ⁽²⁾

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Transferor	Transferee	Number of Shares	Consideration (RMB)
HK Panorama	GigaDevice	35,765	3,863,044
Yangzhou Xinhao	GigaDevice	272,571	20,000,000
Beijing Integrated Circuit	GigaDevice	272,572	20,000,000
Sichuan Shanghai	GigaDevice	260,740	21,375,000
Mr. Fan	GigaDevice	13,723	1,125,000
Shanghai Yuegan	GigaDevice	87,727	6,132,118.85
	Hefei Shixi	143,062	10,000,000
	Hefei Guozheng	49,599	3,466,970.29
	Hefei Jianhui	148,797	10,400,910.86

Notes:

- (1) See “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (2) Such consideration was determined based on arm’s length negotiations between the relevant transferor and transferees taking into consideration, among others, the strategic benefits to be brought by the relevant investors including market validation and credibility of GigaDevice as a listed company on the Stock Exchange, such relevant investors’ industry insights based on their extensive investment track record in chips industry and other technology industries and their strategic oversight to accelerate our Company’s growth, as well as the support of our management team for the Company’s long-term development. Each of these relevant investors is an Independent Third Party. See “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section for their details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(ii) Subscription of new Shares by capital increases

No.	Subscriber(s)	Number of Shares	Consideration (RMB)
1.	GigaDevice	1,980,681	213,867,881
2.	Hefei Shixi	370,449	40,000,000
3.	Hefei Guozheng	60,504	6,533,030
4.	Hefei Jianhui	181,512	19,599,089
5.	Hunan Junxi	926,123	100,000,000
6.	Shanghai Zhide	185,225	20,000,000

Shareholding Restructuring in 2025

Pursuant to a share transfer agreement dated December 31, 2025, Shanghai Zehan and Shanghai Yingmou, each being an shareholding platform of Mr. Yao, Dr. Shen and Mr. Zhong, transferred their respective entire Shares to Mr. Yao, Dr. Shen and Mr. Zhong, at nil consideration, for restructuring purpose. Shanghai Zehan transferred approximately 4.71%, approximately 5.38% and approximately 5.18% of our Shares to Mr. Yao, Dr. Shen and Mr. Zhong, respectively. Shanghai Yingmou transferred approximately 2.19%, approximately 2.25% and approximately 1.15% of our Shares to Mr. Yao, Dr. Shen and Mr. Zhong, respectively.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees to our Group’s development, Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan were established as our Pre-[REDACTED] Employee Incentive Platforms. For further details of the relevant pre-[REDACTED] employee incentive scheme, please see “Statutory and General Information — C. Pre-[REDACTED] Employee Incentive Scheme” in Appendix IV to this Document.

Shanghai Lingmou was established as a limited partnership in the PRC. Its general partner is Dr. Shen holding 1.00% of the partnership interests. As of the date of this Document, the remaining partnership interests are held by 39 limited partners, including (i) Mr. Shen Sha (沈沙) (a brother of Dr. Shen and an employee of the Group), holding approximately 11.90% of the partnership interests, and (ii) 38 other limited partners, each of whom is a current or former employee or a consultant of our Group.

Shanghai Huimou was established as a limited partnership in the PRC. Its general partner is Dr. Shen holding 1.00% of the partnership interests. As of the date of this Document, the remaining partnership interests are held by 49 limited partners, including (i) Mr. Yao and Mr. Shen Sha, holding approximately 8.65% and approximately 4.09% of the partnership interests, and (ii) 47 other limited partners, each of whom is a current or former employee of our Group.

Shanghai Jixuan was established as a limited partnership in the PRC. Its general partner is Mr. Yao holding 1.00% of the partnership interests. As of the date of this Document, the remaining partnership interests are held by 49 limited partners, including (i) Dr. Shen, holding approximately 8.04% of the partnership interests, and (ii) 48 other limited partners, each of whom is a current or former employee of our Group.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shanghai Yuegan was established as a limited partnership in the PRC. Its general partner is Mr. Xu holding 99% of the partnership interests. As of the date of this Document, the remaining partnership interests is held by one limited partners, being a current employee of our Group.

PREVIOUS A-SHARE LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering in the PRC (the “**A-Share Listing Attempt**”). On May 19, 2021, our Company engaged a licensed financial institution to provide financial advisory services in regard to our Company. After discussion with the said financial institution and considering the then tightened regulatory requirements, our Company decided that it was not appropriate to proceed with the A-Share Listing Attempt. As of the Latest Practicable Date, we have not entered into any A-share pre-listing tutoring agreement and have not submitted any application for A-share listing. Our Directors confirm that, to their best knowledge, there are no other material matters relating to the A-Share Listing Attempt which are relevant to the [REDACTED] and are necessary to be disclosed in this Document for investors to form an informed assessment of our Company.

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company’s business, to strengthen our Company’s working capital and to further raise our business profile and global presence. For further details of our future plans, see “Future Plans and [REDACTED]” in this Document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

Our Company concluded several rounds of Pre-[REDACTED] Investments, details of which are set out below:

	Series A Financing	Series B Financing	2021 Transfers	Series B+ Financing	Series B++ Financing	2023 Transfer	Series C Financing
Date of agreement	December 19, 2019	November 30, 2020	October 17, 2021	November 9, 2021	November 15, 2022	December 25, 2023	December 24, 2025
Date of the last payment of consideration	December 2019	December 2020	November 2021	November 2021	November 2022	December 2023	[At least 120 clear days before the [REDACTED]] ⁽⁸⁾
Approximate cost per Share (in RMB) ⁽¹⁾	55.56	73.38	75.77	87.73	107.98	90.14	107.98 ⁽⁷⁾
Amount of registered capital subscribed/acquired (in RMB)	1,080,000	5,996,573	1,291,251	854,884	1,250,267	332,813	3,704,494 ⁽⁷⁾
Amount of consideration paid for equity subscription/acquisition (in RMB)	60,000,000	440,000,000	97,835,450	75,000,000	135,000,000	30,000,000	400,000,000 ⁽⁷⁾
Discount to the [REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Post-money valuation of our Company (in RMB) (approximately) ⁽³⁾	1.06 billion	1.84 billion ⁽⁴⁾	1.90 billion	2.28 billion ⁽⁵⁾	2.94 billion ⁽⁶⁾	2.45 billion	3.34 billion ⁽⁷⁾
Basis of determination of the valuation and consideration	The consideration for the Pre-[REDACTED] Investments was determined based on arm’s length negotiations between the relevant parties after taking into consideration various factors including but not limited to, the timing of the investments, the industry where our Company operates, whether special rights would be granted, and the prospects of our business.						
[REDACTED] and whether they have been fully utilized	As the 2021 Transfers and the 2023 Transfer were effected by way of transfer by our then Shareholders, no proceeds were received by our Company. The proceeds raised from other Pre-[REDACTED] Investments have been used for our daily operation. As of the Latest Practicable Date, all of the net proceeds from the Series A Financing, the Series B Financing, the Series B+ Financing and the Series B++ Financing had been utilized, and approximately 18% of the net proceeds from the Series C Financing had been utilized. We intended to use the rest net proceeds from the Pre-[REDACTED] investment for further research and development activities, working capital, and other general corporate purposes.						
Lock-up period	Subject to a lock-up period of 12 months following the [REDACTED] pursuant to the PRC Company Law.						
Strategic benefits of the Pre- [REDACTED] Investments brought to our Group	Our Group would benefit from the additional capital injected by the Pre-[REDACTED] Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them, and their investments demonstrate their commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group.						

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The cost per Share paid by the Pre-[REDACTED] Investors was calculated based on the amount of investment made by the relevant Pre-[REDACTED] Investors and number of Shares acquired in each respective round of investment, as adjusted to reflect subsequent capital injections and the conversion of our Company from a limited liability company to a joint stock company with limited liability on December 11, 2025, as applicable.
- (2) The discount to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the [REDACTED] of the indicative [REDACTED]).
- (3) The post-money valuation of our Company equals the total consideration paid by each round of Pre-[REDACTED] Investors divided by the percentage of equity interests held of such investors immediately following their investments.
- (4) The reasons for the increase in valuation from Series A Financing to Series B Financing were due to the successful commercialization progress of the Company’s AI SoC products, continued enhancement of the Company’s core technology capabilities, and the expansion of its customer base and application scenarios.
- (5) The reasons for the increase in valuation from Series B Financing to Series B+ Financing were due to the further advancement of the Company’s AI SoC product portfolio, increasing market recognition of its products, improvements in operating performance, and investors’ positive expectations regarding the Company’s growth potential.
- (6) The reasons for the increase in valuation from Series B+ Financing to Series B++ Financing were due to the launch of new AI SoC and wireless communication products, enhanced technological competitiveness in automotive and industrial application scenarios, and the strengthening of the Company’s industry position.
- (7) Without taking into consideration 1,942,249 Shares by way of share transfer and the corresponding consideration of RMB96,363,044. See “— Corporate Development — Series C Financing in 2025” in this section for details.
- (8) The date of the last payment of consideration in relating to subscription of new Shares by capital increases under the Series C Financing is January 23, 2026. And as of the Latest Practicable Date, the considerations in relation to share transfers under the Series C Financing had not been fully settled and are expected to be settled at least 120 clear days before the [REDACTED].

Special rights granted to the Pre-[REDACTED] Investors

Certain Pre-[REDACTED] Investors were granted rights including, among others, redemption rights, priority sale rights, liquidation preference rights, right of first refusal, tag-along rights, pre-emptive rights, anti-dilution rights, co-sale rights and information rights. Such redemption rights have been terminated before our submission of [REDACTED] to the Stock Exchange and all the other special rights will be terminated before the [REDACTED], subject to reinstatement upon the earlier of (i) the failure by the Company to consummate a qualified [REDACTED] before December 31, 2027, (ii) the [REDACTED] is withdrawn by the Company, or (iii) the [REDACTED] is returned, or rejected by the Stock Exchange, the CSRC or the SFC.

Sole Sponsor’s Confirmation

Given that (i) the [REDACTED] will take place no earlier than 120 clear days after completion of the investment of the Pre-[REDACTED] Investments; and (ii) the special rights granted to the Pre-[REDACTED] Investors have been terminated as disclosed in “— Special rights granted to the Pre-[REDACTED] Investors” above, the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the Pre-[REDACTED] Investments in all material respects, and the changes in share capital and equity transfers in relation to the Pre-[REDACTED] Investments as described above were conducted in compliance with the applicable PRC laws and regulations in all material respects.

Information regarding our Pre-[REDACTED] Investors

Set out below is a description of our Pre-[REDACTED] Investors (with sequence presented according to their respective shareholding in the Company as of the Latest Practicable Date), which individually or collectively held more than 1.00% of our total issued Shares as of the Latest Practicable Date. To the best of our knowledge, save as disclosed below, each of the following Pre-[REDACTED] Investors and their respective beneficial owners is an Independent Third Party.

Name of Pre-[REDACTED] Investors

Background

GigaDevice

GigaDevice is a joint stock company established in the PRC and listed on the main board of Shanghai Stock Exchange (stock code: 603986) and the Stock Exchange (stock code: 3986), principally engaged in the design and sale of chips including specialty memory chips and micro control units.

Mr. Ko

Mr. Ko is a venture capital investor.

Hefei Municipal Entities

Each of Anhui Intelligent Voice AI Phase II, Anhui Intelligent Voice, Hefei Guozheng and Hefei Jianhui (collectively, “**Hefei Municipal Entities**”) is a limited partnership established in the PRC, principally engaged in equity investments.

Anhui Intelligent Voice AI Phase II’s general partner is Hefei Industrial Investment Capital Venture Capital Management Co., Ltd. (合肥產投資本創業投資管理有限公司) (“**Hefei Industrial ICV**”) which is wholly owned by Hefei State-owned Assets Holding Company Limited (合肥市國有資產控股有限公司). Hefei State-owned Assets Holding Company Limited is owned as to approximately 81.06% by Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司) which is 100% owned and controlled by State-owned Assets Supervision and Administration Commission of Hefei Municipal People’s Government (合肥市人民政府國有資產監督管理委員會) (“**Hefei SASAC**”).

Anhui Intelligent Voice AI Phase II is held as to 1% by Hefei Industrial ICV, 40% by Hefei High-tech Holding Group Co., Ltd. (合肥高新控股集團有限公司) (“**Hefei High-tech**”) (which is 100% owned by Administrative Committee of Hefei High-tech Industrial Development Zone (合肥高新技術產業開發區管理委員會)), 39% by Hefei Industrial Investment Holdings (Group) Co., Ltd.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED] Investors

Background

Anhui Intelligent Voice’s general partner is Hefei Guoyao Capital Investment Management Co., Ltd. (合肥國耀資本投資管理有限公司) which is owned as to 88% by Hefei Innovation Scitech Venture Capital Co. Ltd. (合肥市創新科技風險投資有限公司). Hefei Innovation Scitech Venture Capital Co. Ltd. is wholly owned by Hefei State-owned Assets Holding Company Limited.

Anhui Intelligent Voice is held as to approximately 0.10% by Hefei Guoyao Capital Investment Management Co., Ltd and approximately 39.96% by its largest limited partner, Hefei High-tech. The remaining three limited partners each holds less than 30% of the partnership interest of Anhui Intelligent Voice.

Hefei Guozheng’s general partner is Hefei Industrial Investment Guozheng Entrepreneurship Investment Co., Ltd. (合肥產投國正創業投資有限公司) (“**Hefei Industrial**”) which is 50% owned by Hefei State-owned Assets Holding Company Limited and 50% by Hefei Industrial Investment Guozheng Equity Investment Co., Ltd (合肥產投國正股權投資有限公司). Hefei Industrial Investment Guozheng Equity Investment Co., Ltd is wholly owned by Hefei State-owned Assets Holding Company Limited.

Hefei Guozheng is held as to approximately 6.67% by Hefei Industrial and 56.67% by Hefei Industrial Investment Guozheng Equity Investment Co., Ltd. The remaining four limited partners each holds less than 30% of the partnership interest of Hefei Guozheng.

Hefei Jianhui’s general partner is Hefei Jiantou Capital Management Co., Ltd. (合肥建投資本管理有限公司) which is owned as to 70.83% by Hefei City Construction Investment Holdings (Group) Co., Ltd (合肥市建設投資控股(集團)有限公司). Hefei City Construction Investment Holdings (Group) Co., Ltd is wholly owned by Hefei SASAC. No limited partners holds more than 30% of the partnership interest in Hefei Jianhui.

HK Panorama

HK Panorama is a private limited company incorporated in Hong Kong, principally engaged in industrial investments. Each of HK Panorama and its ultimate beneficial owner is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED]

Investors

Background

Huaxu Guangzhou

Huaxu Guangzhou is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Changshun (Guangzhou) Enterprise Management Partnership (Limited Partnership) (長舜(廣州)企業管理合夥企業(有限合夥)) (“**Changshun Guangzhou**”), whose general partner is Guangdong Huaxu Private Fund Management Co., Ltd (廣東華胥私募基金管理有限公司). Guangdong Huaxu Private Fund Management Co., Ltd is wholly owned by SANY Group Co., Ltd (三一集團有限公司) who is owned as to approximately 56.74% by Liang Wengen (梁穩根).

Huaxu Guangzhou is held as approximately 1.07% by Changshun Guangzhou, 77.87% by Sany Heavy Industry Co., Ltd (三一重工股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600031) and the Stock Exchange (stock code: 06031), and remaining five limited partners each holding less than 30% of the partnership interest in Huaxu Guangzhou.

Pudong SASAC Entities

Each of Shanghai Zhangjiang Haocheng and Shanghai Zhangjiang Torch is a company established in the PRC primarily engaged in equity investments. Shanghai Zhangjiang Suifeng (together with Shanghai Zhangjiang Haocheng and Shanghai Zhangjiang Torch, collectively “**Pudong SASAC Entities**”) is a limited partnership established in the PRC, principally engaged in equity investments.

The sole shareholder of Shanghai Zhangjiang Haocheng is Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) (“**Zhangjiang Hi-Tech**”), a listed company in the PRC (Stock Code: 600895.SH).

The sole shareholder of Shanghai Zhangjiang Torch is Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業園投資開發有限公司) which is wholly owned by Shanghai Pudong Kechuang Group Co., Ltd (上海浦東科創集團有限公司). Shanghai Pudong Kechuang Group Co., Ltd is owned as to 90% by State owned Assets Supervision and Administration Commission of Pudong New Area, Shanghai (上海市浦東新區國有資產監督管理委員會) (“**Pudong SASAC**”).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED]

Investors

Background

The general partner of Shanghai Zhangjiang Suifeng is Shanghai Zhangjiang Haoheng Innovative Equity Investment Management Co., Ltd. (上海張江浩珩創新股權投資管理有限公司) (“**Shanghai Haoheng**”) which is 49% owned by Zhangjiang Hi-Tech and 34% owned by Shanghai Pudong Private Equity Fund Management Co., Ltd. (上海浦東私募基金管理有限公司) (“**Shanghai Pudong PE**”). Shanghai Pudong PE is wholly owned by Shanghai Pudong Innovation Investment Development (Group) Co., Ltd (上海浦東創新投資發展(集團)有限公司) who is wholly owned by Pudong SASAC.

Shanghai Zhangjiang Suifeng is held as to 0.05% by Shanghai Haoheng. None of its remaining four limited partners holds more than 30% of its partnership interests.

Yingmou LP

Yingmou LP is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Mr. Yao Hairong (姚海容) who holds 28.23% of its partnership interest. Mr. Yao Hairong is the younger brother of Mr. Yao. Mr. Pan Rihua (潘日華) holds 39.96% of its partnership interest and the remaining three limited partners each holding less than 30% of its partnership interest.

Hunan Junxi

Hunan Junxi is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Hunan Junxi Gaochuang Private Equity Fund Management Co., Ltd. (湖南鈞矽高創私募股權基金管理有限公司). Hunan Junxi Gaochuang Private Equity Fund Management Co., Ltd. is held as to 37% by Hunan Hi-Tech Venture Capital Investment Group Co., Ltd (湖南高新創業投資集團有限公司) and 34% by Shanghai Junxi Industrial Co., Ltd (上海鈞犀實業有限公司). Hunan Hi-Tech Venture Capital Investment Group Co., Ltd is owned as to approximately 81.36% by State-owned Assets Supervision and Administration Commission of Hunan Provincial People’s Government (湖南省人民政府國有資產監督管理委員會). No shareholders of Shanghai Junxi Industrial Co., Ltd holds more than 30% of its shares.

Hunan Junxi is held as to 0.8% by Hunan Junxi Gaochuang Private Equity Fund Management Co., Ltd.. The remaining nine limited partners each holds less than 30% of the partnership interest in Hunan Junxi.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED]

Investors

Background

Suzhou Fangguang

Suzhou Fangguang is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Suzhou Fangguang Phase III Venture Capital Management Partnership Enterprise (Limited Partnership) (蘇州方廣三期創業投資管理合夥企業(有限合夥)) whose general partner is Shanghai FG Venture Management Co. Ltd. (上海方廣投資管理有限公司). Shanghai FG Venture Management Co. Ltd. is owned as to 55% by Mr. Hong Tianfeng (洪天峰).

Suzhou Fangguang is held as to 1% by Suzhou Fangguang Phase III Venture Capital Management Partnership Enterprise (Limited Partnership). The remaining 42 limited partners each holds less than 30% of the partnership interest in Suzhou Fangguang.

Beijing Integrated Circuit

Beijing Integrated Circuit is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Beijing Shengshi Hongming Investment Fund Management Co., Ltd. (北京盛世宏明投資基金管理有限公司) (“**Beijing Shengshi**”), which is owned as to 74.72% by Shanghai Shengshi Hongming Investment Group Co., Ltd (上海盛世鴻明投資集團有限公司). Shanghai Shengshi Hongming Investment Group Co., Ltd is owned as to approximately 57.44% by Mr. Jiang Mingming (姜明明).

The partnership interest in Beijing Integrated Circuit is held approximately as to 59.23% by Beijing Integrated Circuit Industry Development Equity Investment Fund Co., Ltd. (北京集成電路產業發展股權投資基金有限公司) (“**Beijing Integrated**”), 31.17% by Beijing International Emerging Industrial Investment Center (L.P.) Strategic Emerging Industrial Fund (北京亦莊國際新興產業投資中心(有限合夥)) (“**Beijing International**”) and remaining two limited partners each holding less than 30% of the partnership interest in Beijing Integrated Circuit.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED]

Investors

Background

Beijing Integrated is held as to approximately 0.1% by Beijing Shengshi, approximately 99.90% by its largest shareholder, Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) which is ultimately majority-owned by Beijing Municipal State-owned Assets Supervision and Administration Commission (北京市人民政府國有資產監督管理委員會). The partnership interest of Beijing International is ultimately 100% owned by Finance and State-owned Assets Administration Bureau of Beijing Economic-Technological Development Area (北京經濟技術開發區財政國資局).

Hefei Shixi

Hefei Shixi is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Beijing Shixi Qingliu Private Equity Fund Management Co., Ltd. (北京石溪清流私募基金管理有限公司) which is approximately 46.15% held by Mr. Zhu Zheng (朱正) and 30.77% by Beijing Jiyi Enterprise Management Partnership (Limited Partnership) (北京集益企業管理合夥企業). Beijing Jiyi Enterprise Management Partnership (Limited Partnership) is held as to approximately 71.43% by Mr. Lv Wei (呂偉) and 28.57% by Mr. Yan Xing (閔行).

Hefei Shixi is held as to approximately 1.82% by Beijing Shixi Qingliu Private Equity Fund Management Co., Ltd. None of its remaining nine limited partners holds more than 30% of its partnership interests.

Suzhou Yuanzhixin

Suzhou Yuanzhixin is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Shenzhen VCshare Fund Management Enterprise (Limited Partnership) (深圳風投俠基金管理企業(有限合夥)) (“**Shenzhen VCshare**”). Shenzhen VCshare’s general partner is Shenzhen Venture Capital Xia Investment Co., Ltd. (深圳風投俠投資有限公司)(“**Shenzhen Venture Capital**”) which is 51.5% owned by Mr. Shao Haitao (邵海濤) and 35% owned by Mr. Zhang Guiyin (張桂銀) through an entity in which he is the sole shareholder. Shenzhen VCshare is held as to 99.8% by Shenzhen Venture Capital.

Suzhou Yuanzhixin is held as to 0.23% by Shenzhen VCshare. None of its remaining thirty limited partners holds more than 30% of its partnership interests.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-[REDACTED]

Investors

Background

Nanjing Huaruan

Nanjing Huaruan is a limited partnership established in the PRC, principally engaged in equity investments. Its general partner is Beijing Kinglink Huaxin Investment Management Co., Ltd (北京金陵華新投資管理有限公司) (“**Beijing Kinglink**”). Beijing Kinglink is a wholly owned subsidiary of China Soft Capital Management Group Co., Ltd. (華軟資本管理集團股份有限公司) which is owned as to approximately 63.83% by Mr. Wang Guangyu (王廣宇) and remaining seven shareholders each holding less than 30% of its shares.

The partnership interest in Nanjing Huaruan is held as to 0.6% by Beijing Kinglink, 30% by Qingdao Jundao Tonglian Investment Enterprise (Limited Partnership) (青島君道通聯投資企業(有限合夥)) which is held approximately as to 39.62% by Huaifu Jundao (Jinan) Management Consulting Partnership (Limited Partnership) (華富君道(濟南)管理諮詢合夥企業(有限合夥)), which is controlled by Mr. Yu Yue (于越), and remaining 5 limited partners of Nanjing Huaruan each holding less than 30% of the partnership interest in Nanjing Huaruan.

ACQUISITIONS AND DISPOSALS

We did not carry out any major acquisitions, disposal or mergers during the Track Record Period and up to the Latest Practicable Date.

ACTING IN CONCERT ARRANGEMENT

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the “**Concert Parties**”) dated January 5, 2026, all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alias, the Company’s operation and management, and exercising the Shareholders’ rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance to the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong.

[REDACTED]

[REDACTED] Unlisted Shares, representing approximately [REDACTED] of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will not be considered as part of the [REDACTED] as such Unlisted Shares will not be converted into H Shares.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Among the [REDACTED] H Shares to be converted from Unlisted Shares pursuant to the Conversion of Unlisted Shares into H Shares and the [REDACTED] on the Stock Exchange, [REDACTED] H Shares in aggregate to be converted from Unlisted Shares held by Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan. Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, representing approximately [REDACTED] of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED] as such Shares are being held or controlled by the core connected persons of our Company.

To the best knowledge of our Directors, save as disclosed above, immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the [REDACTED] of Unlisted Shares into H Shares, an aggregate of [REDACTED] H Shares, representing approximately [REDACTED]% of our total issued Shares will be counted towards the [REDACTED], which is in compliance with the requirement under Rule 8.08 of the Listing Rules.

[REDACTED]

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

It is expected that immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the H Shares listed on the Stock Exchange that are not subject to such disposal restrictions represent approximately [REDACTED]% of the total number of H Shares and have an expected [REDACTED] at the time of [REDACTED] of (i) HK\$[REDACTED] based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low-point of the indicative [REDACTED] range, (ii) HK\$[REDACTED] based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range, and (iii) HK\$[REDACTED] based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the high-point of the indicative [REDACTED].

Accordingly, our Company will be able to satisfy the requirements under Rule 19A.13C of the [REDACTED] Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

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

Shareholder	As of the Latest Practicable Date		As of the [REDACTED] Date (assuming the [REDACTED] is not exercised)					
	Number of Unlisted Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Unlisted Shares	Approximate ownership percentage in Unlisted Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Single Largest Group of Shareholders								
— Dr. Shen	2,356,287	7.63%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Mr. Yao	2,130,882	6.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Mr. Zhong	1,955,154	6.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Lingmou	1,437,066	4.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Huimou	1,365,030	4.42%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Jixuan	900,000	2.91%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	10,144,419	32.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GigaDevice	3,199,155	10.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Ko	1,827,853	5.92%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Municipal Entities								
— Anhui Intelligent Voice AI Phase II ⁽¹⁾	926,123	3.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Anhui Intelligent Voice ⁽¹⁾	324,143	1.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Hefei Guozheng ⁽¹⁾	116,552	0.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Hefei Jianhui ⁽¹⁾	349,656	1.13%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	1,716,474	5.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
HK Panorama	1,538,155	4.98%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huaxu Guangzhou	1,486,232	4.81%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pudong SASAC Entities								
— Shanghai Zhangjiang Suifeng ⁽²⁾	545,143	1.77%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Zhangjiang Haocheng ⁽²⁾	387,187	1.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Shanghai Zhangjiang Torch ⁽²⁾	360,000	1.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	1,292,330	4.18%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	As of the Latest Practicable Date			As of the [REDACTED] Date (assuming the [REDACTED] is not exercised)				
	Number of Unlisted Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Unlisted Shares	Approximate ownership percentage in Unlisted Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Yingmou LP	1,281,686	4.15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hunan Junxi	1,165,518	3.77%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Fangguang	1,090,286	3.53%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Integrated Circuit	817,714	2.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Yuegan	793,993	2.57%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Shixi	582,758	1.89%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Yuanzhixin	477,000	1.54%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Huaruan	332,813	1.08%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Zhongyi ⁽³⁾	272,571	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nanjing Jinti ⁽³⁾	272,571	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Runyuan ⁽³⁾	270,563	0.88%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jinan Ruixin ⁽³⁾	263,964	0.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sichuan Shanghai ⁽³⁾	260,739	0.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhide ⁽³⁾	233,104	0.75%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Heze Qiaobei ⁽³⁾	227,969	0.74%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiangsu Jiequan ⁽³⁾	204,429	0.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Kunshan Fumao ⁽³⁾	204,429	0.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huzhou Jiacheng ⁽³⁾	170,977	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuhan Guide ⁽³⁾	170,977	0.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Bangming Yangshang ⁽³⁾	136,286	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yangzhou Longchuan ⁽³⁾	136,286	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Bangming ⁽³⁾	136,286	0.44%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Brizan Ventures ⁽³⁾	96,815	0.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Tianxia ⁽³⁾	68,143	0.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Fan ⁽³⁾	13,723	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investors taking part in the [REDACTED]	—	—	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>30,886,218</u>	<u>100.00%</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Notes:

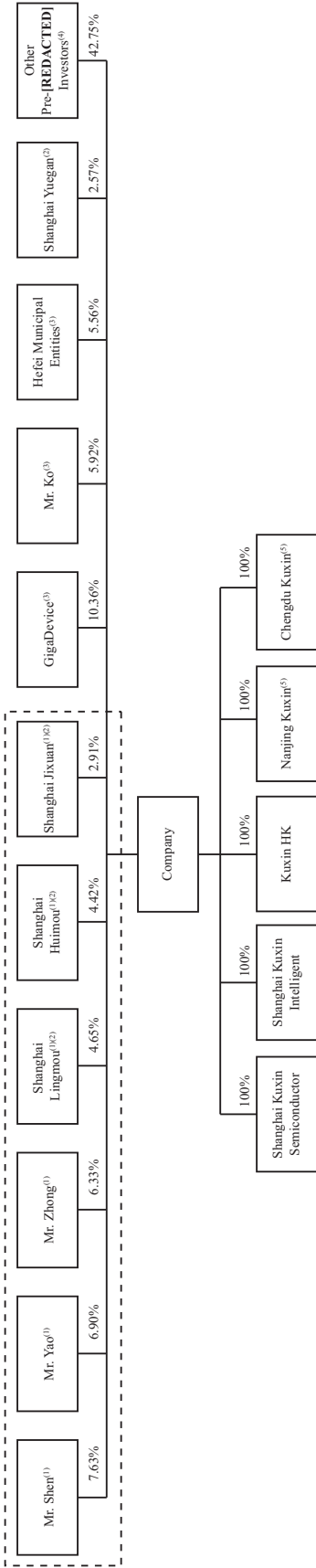
- (1) For relationship among Anhui Intelligent VoiceAI Phase II, Anhui Intelligent Voice, Hefei Guozheng and Hefei Jianhui, see “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (2) For relationship among Shanghai Zhangjiang Suifeng, Shanghai Zhangjiang Haocheng and Shanghai Zhangjiang Torch, see “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (3) Each being an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the completion of the [REDACTED]:



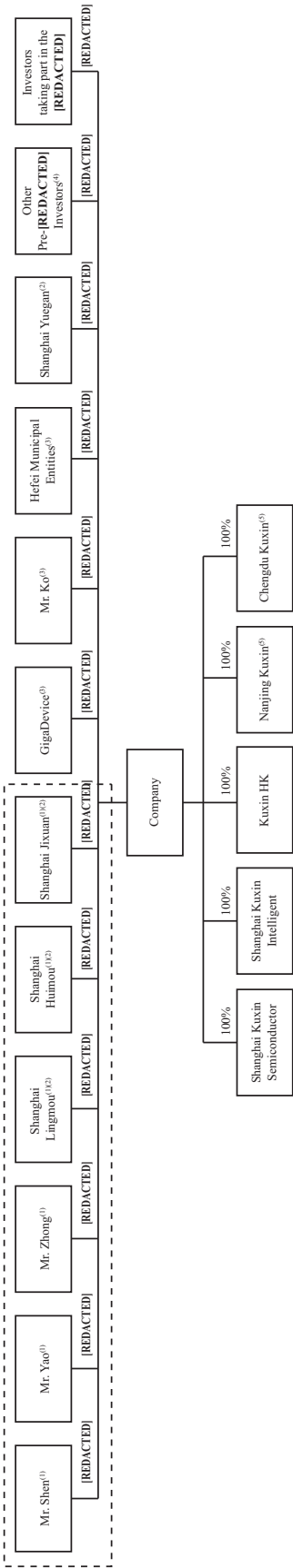
Notes:

- (1) Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan have entered into the Concert Party Agreement. For details, see “— Acting in Concert Arrangement” in this section and “Relationship with our Single Largest Group of Shareholders” in this Document.
- (2) Each of Shanghai Lingmou, Shanghai Huimou, Shanghai Jixuan and Shanghai Yuegan is a Pre-[REDACTED] Employee Incentive Platform. For details, please refer to “— Employee Incentive Platforms” in this section.
- (3) For details, please refer to “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (4) Other Pre-[REDACTED] Investors include 29 entities or individuals, none of whom individually or collectively held 5% or more of the Shares as of the Latest Practicable Date or immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised. For details, please refer to the paragraph headed “— Pre-[REDACTED] Investments — Information regarding our Pre-[REDACTED] Investors” in this section.
- (5) As of the Latest Practicable Date, each of Nanjing Kuxin and Chengdu Kuxin was under the process of deregistration, which is expected to be completed in the first quarter of 2026.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Notes:

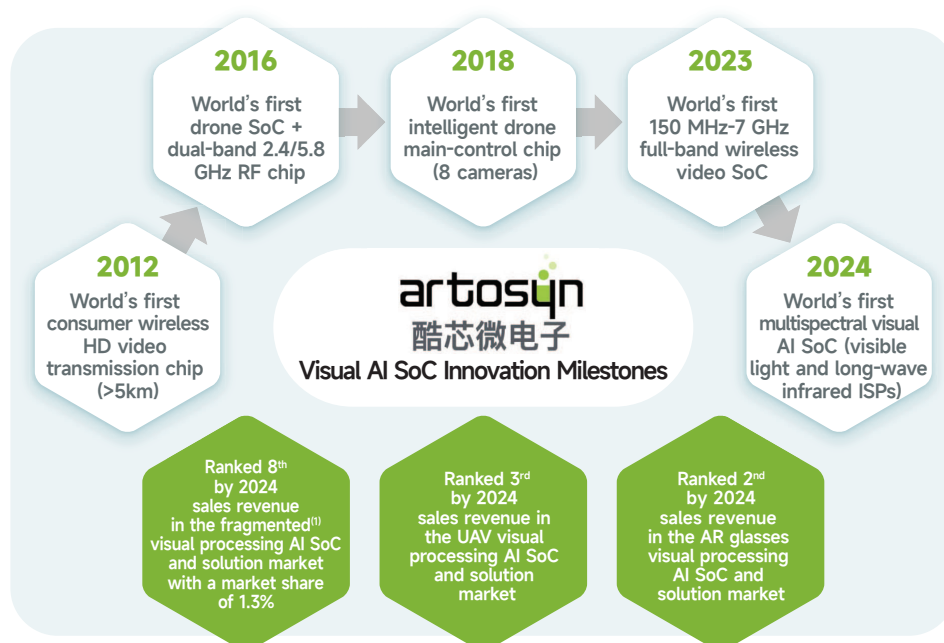
- 1. Please see notes (1) to (5) of the sub-section headed “— Shareholding and Corporate Structure Immediately before the Completion of the [REDACTED]” above.

BUSINESS

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:



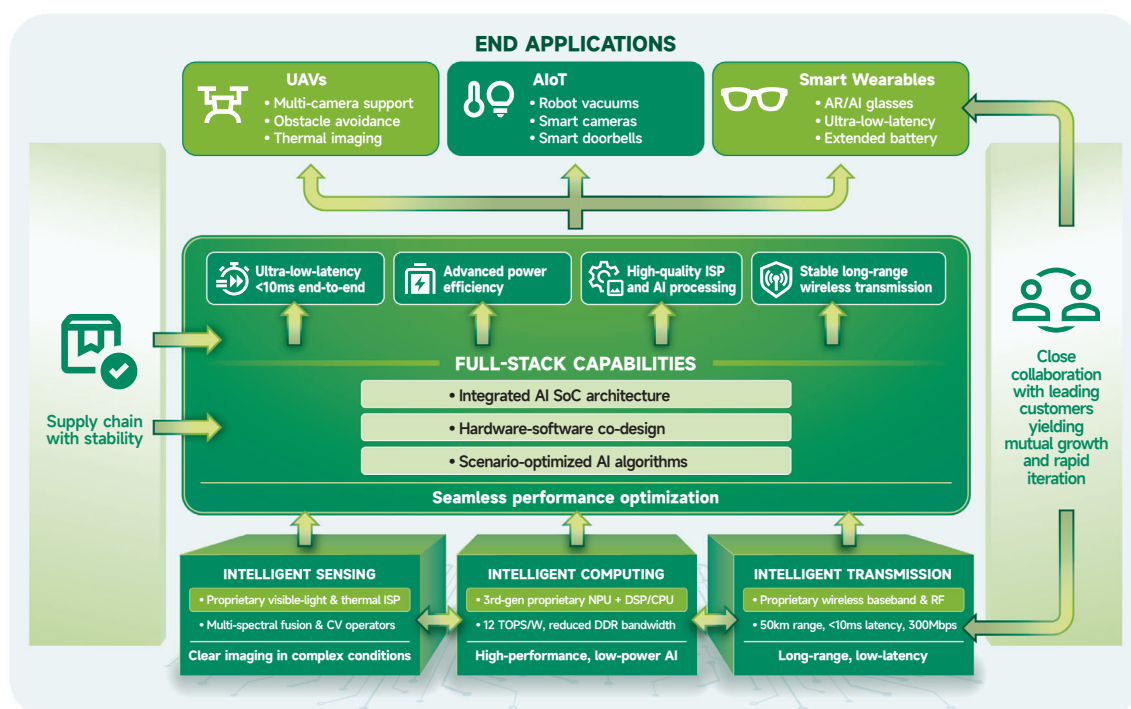
Note:

- (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.

BUSINESS

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.



BUSINESS

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.

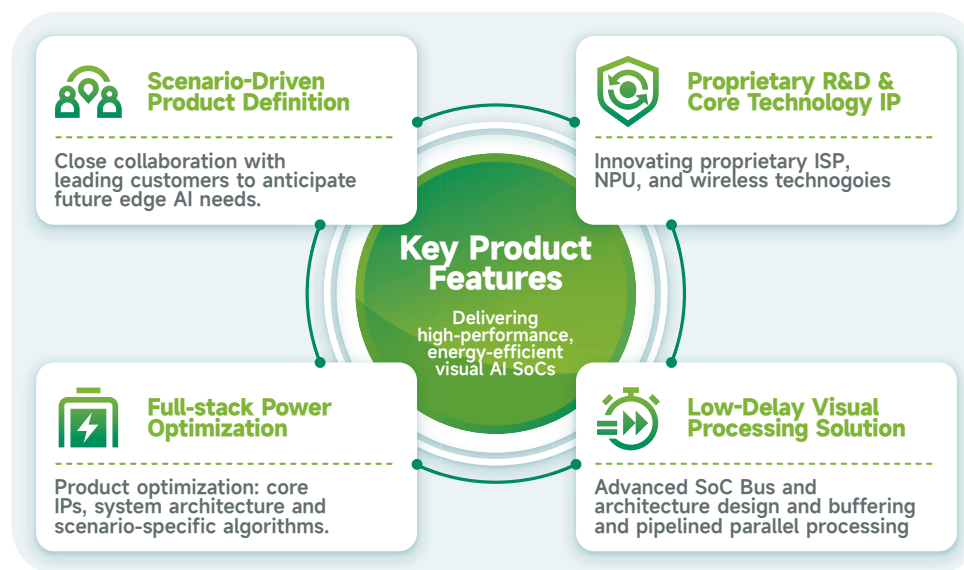
BUSINESS

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.

BUSINESS

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.

BUSINESS

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;

BUSINESS

- 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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

- **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

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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.

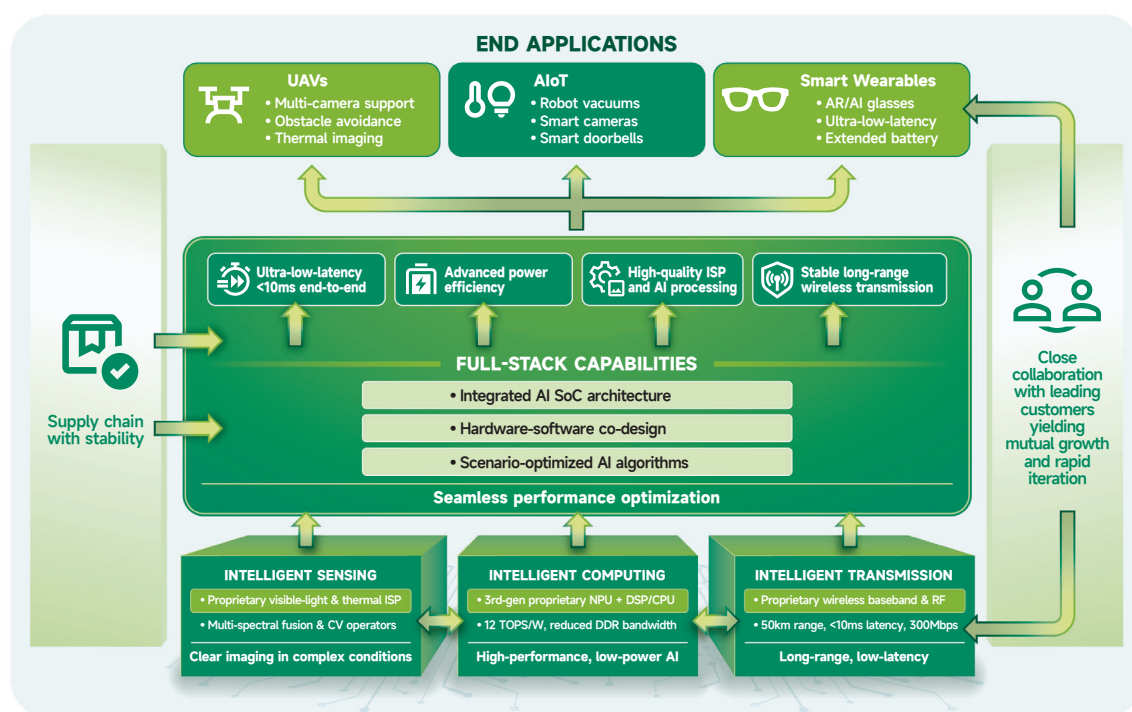
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OUR BUSINESS MODEL

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 devised 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.

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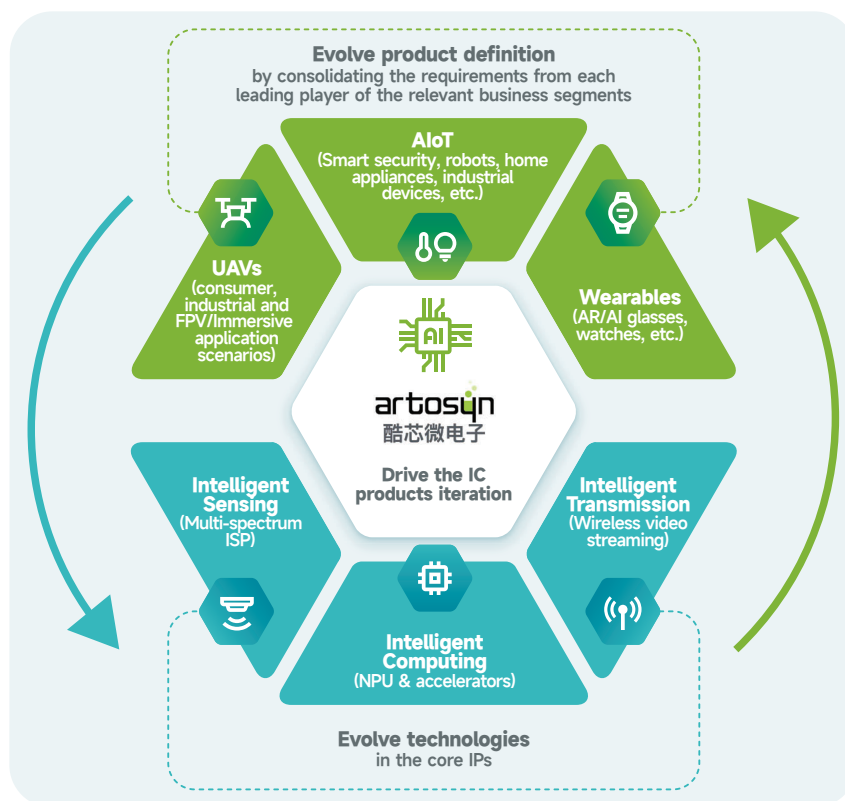
Fabless Model

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.



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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.

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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.

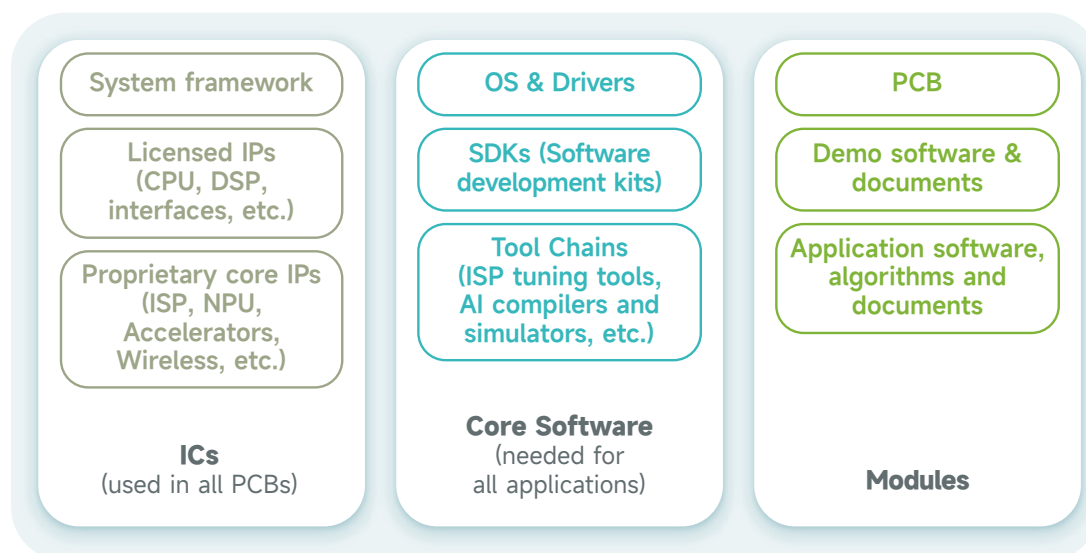
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SoC Solutions

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.

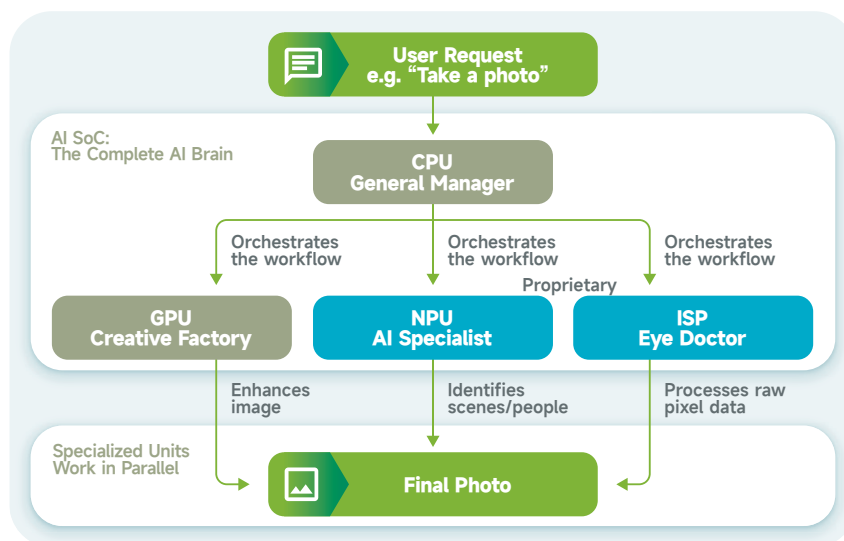
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UAVs

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.

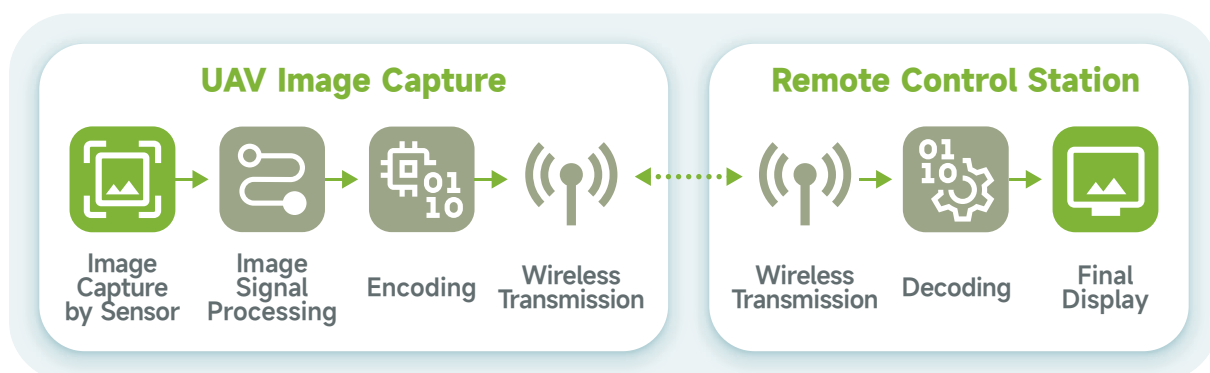
The following diagram illustrates the application of our visual processing AI SoCs.



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.

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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.

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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.

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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.

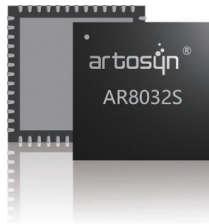
The following table sets forth the details of our latest visual processing AI SoC for the UAV market.

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.

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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.

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- **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:

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- **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

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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

BUSINESS

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.

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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.

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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.

BUSINESS

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.

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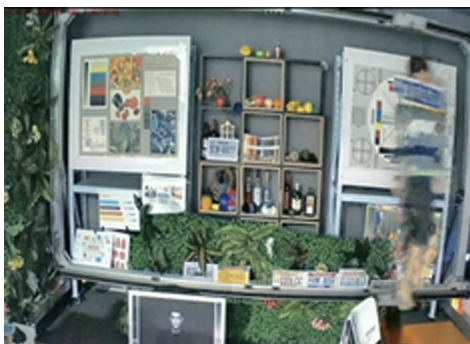
- **Visual processing.** Our SoC supports real-time processing of visible-light signals at a resolution of 4K at 60 fps, enabling high-fidelity visual data handling.
- **Multi-channel scaling capabilities.** The ISP subsystem integrates four independent on-chip scalers (supporting scaling ratios from 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

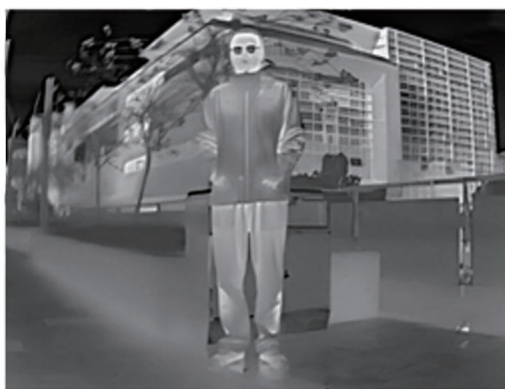


After

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



Before



After

BUSINESS

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.

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- **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.

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- **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.

BUSINESS

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

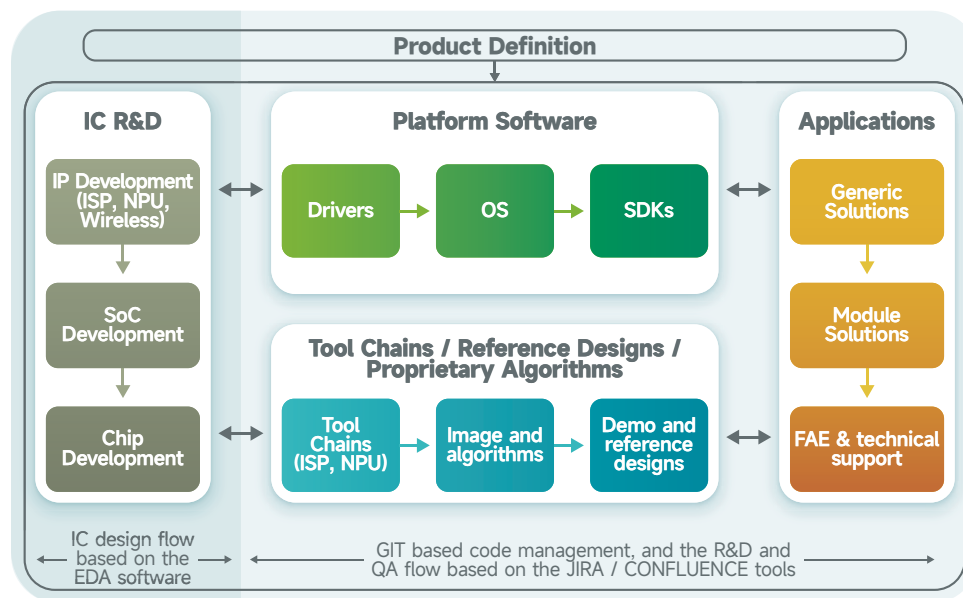
Our comprehensive R&D process primarily includes key stages of (i) customer engagement, (ii) technical assessment and (iii) design and execution. Our R&D approach built on a profound understanding of customers’ requirements, fostering seamless collaboration from the earliest stages. We compete in a fast-evolving 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.

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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.

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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.

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

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.

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- *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.

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- *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, 2023	2024	As of September 30, 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.

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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
	<i>RMB per Unit</i>	<i>RMB per Unit</i>	<i>RMB per Unit</i>	<i>RMB per Unit</i>
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				
	No more than	No more than	No more than	No more than
Chips	120	150	150	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

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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

<u>Customers</u>	<u>Products and services provided to end application</u>	<u>Sales amount (RMB)</u>	<u>% of Total revenue</u>	<u>Commencement of business relationship</u>	<u>Credit terms</u>
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.

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Year ended December 31, 2024

<u>Customer</u>	<u>Products and services provided to end application</u>	<u>Sales amount (RMB)</u>	<u>% of Total revenue</u>	<u>Commencement of business relationship</u>	<u>Credit terms</u>
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.

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Year ended December 31, 2023

<u>Customer</u>	<u>Products and services provided to end application</u>	<u>Sales amount (RMB)</u>	<u>% of Total revenue</u>	<u>Commencement of business relationship</u>	<u>Credit terms</u>
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.

BUSINESS

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

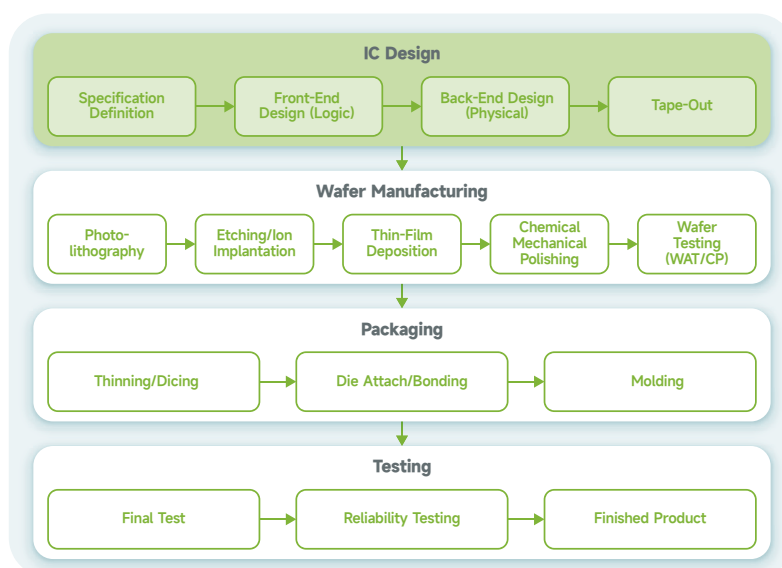
Procurement and manufacturing

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.

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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.

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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

<u>Suppliers</u>	<u>Products/services purchased</u>	<u>Purchase amount (RMB)</u>	<u>% of Total purchase</u>	<u>Commencement of business relationship</u>	<u>Credit terms</u>
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

<u>Suppliers</u>	<u>Products/services purchased</u>	<u>Purchase amount (RMB)</u>	<u>% of Total purchase</u>	<u>Commencement of business relationship</u>	<u>Credit terms</u>
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.

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Year ended December 31, 2023

<u>Suppliers</u>	<u>Products/services purchased</u>	<u>Purchase amount (RMB)</u>	<u>% of Total purchase</u>	<u>Commencement of business relationship</u>	<u>Credit terms</u>
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.

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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 minimis 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.”

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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.

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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.

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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.

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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.

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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.

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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)

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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.

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

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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 (《勞務派遣暫行規定》) 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

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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.

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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

BUSINESS

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.

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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.

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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.

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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:

Metrics	Unit	As of 31 December		As of
		2023	2024	30 September 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:

Metrics	Unit	As of 31 December		As of
		2023	2024	30 September 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.

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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		
		As of 31 December 2023	30 September 2024	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.

BUSINESS

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
	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.
	Acute	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.
		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.
Physical Risk			

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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.

BUSINESS

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:

Metrics	Unit	As of 31 December		As of
		2023	2024	30 September 2025
Scope 1 GHG emissions	tCO ₂ e	0	0	0
Scope 2 GHG emissions	tCO ₂ e	614.90	591.40	433.32
Total GHG emissions	tCO ₂ e	614.90	591.40	433.32
GHG emissions intensity	tCO ₂ e/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.

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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.

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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.

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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.

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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.

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- **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.

BUSINESS

- **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.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the “**Concert Parties**”) dated January 5, 2026, all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alias, the Company’s operation and management, and exercising the Shareholders’ rights, including but not limited to the right to vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong.

As of the Latest Practicable Date, by virtue of the Concert Party Agreement, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan were collectively entitled to exercise voting rights attached to 10,144,419 Shares, representing approximately 32.84% of our total issued share capital, among which:

- (a) Mr. Yao held 2,130,882 Shares, representing approximately 6.90% of the voting rights in our Company;
- (b) Dr. Shen held 2,356,287 Shares, representing approximately 7.63% of the voting rights in our Company;
- (c) Mr. Zhong held 1,955,154 Shares, representing approximately 6.33% of the voting rights in our Company;
- (d) Shanghai Lingmou held 1,437,066 Shares, representing approximately 4.65% of the voting rights in our Company;
- (e) Shanghai Huimou held 1,365,030 Shares, representing approximately 4.42% of the voting rights in our Company; and
- (f) Shanghai Jixuan held 900,000 Shares, representing approximately 2.91% of the voting rights in our Company.

Each of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan is a Pre-[REDACTED] Employee Incentive Platform. For further details of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, please refer to “History, Development and Corporate Structure — Employee Incentive Platforms” in this Document. The general partner of Shanghai Lingmou is Dr. Shen holding 1% of its partnership interests. The general partner of Shanghai Huimou is Dr. Shen holding 1% of its partnership interests. The general partner of Shanghai Jixuan is Mr. Yao holding 1% of its partnership interests.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As such, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan were collectively entitled to exercise voting rights attached to 10,144,419 Shares, representing approximately 32.84% of our total issued shares as of the Latest Practicable Date, and are considered as a group of controlling shareholders before the [REDACTED] pursuant to the Listing Rules and Chapter 1.1C under the Guide for New Listing Applicants. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan will be collectively entitled to exercise voting rights attached to [REDACTED] H Shares, representing approximately [REDACTED]% of our total issued shares, and hence none of Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan will be our controlling shareholder as defined under the Listing Rules, but they will be our single largest group of Shareholders upon the [REDACTED]. As such, our Company will not have any controlling shareholder as defined under the Listing Rules upon the [REDACTED].

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Our Single Largest Group of Shareholders confirms that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules. Please see “Directors and Senior Management — Confirmation from Our Directors — Rule 8.10 of the Listing Rules” in this Document for further details.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Single Largest Group of Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of three executive Directors, three non-executive Directors and three independent non-executive Directors. See “Directors and Senior Management” in this Document for more details of our Directors.

Although Mr. Yao, Dr. Shen, Mr. Zhong, being members of our Single Largest Group of Shareholders, also will serve or will keep serving as our executive Directors and senior management upon [REDACTED], we believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Single Largest Group of Shareholders and their respective close associates for the following reasons:

- our executive Directors devote substantially all their time to discharge their duties of their positions at our Group;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow his or her personal interests to interfere with our Company's best interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director or his or her respective close associates, he or she shall abstain from voting on any Board resolutions approving any contract, arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting;
- we have appointed three independent non-executive Directors, comprising at least one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and
- we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would support our independent management. See "—Corporate Governance Measures" in this Document for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Single Largest Group of Shareholders and their respective close associates.

Operational Independence

Our Group is operationally independent of our Single Largest Group of Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibility. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Single Largest Group of Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

Based on the above, our Directors are of the view that we are able to operate independently of our Single Largest Group of Shareholders.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Single Largest Group of Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards.

As of the Latest Practicable Date, we had an outstanding loan with principal amounts and interests thereon of approximately RMB30 million guaranteed by Mr. Yao. See “Financial Information — Material Related Party Transactions” in this Document and Note 26 of the Accountants’ Report as set out in Appendix I to this Document for more details. All such guarantees provided for our benefit by our Single Largest Group of Shareholders and their respective close associates will be fully discharged on the [REDACTED].

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates (excluding our Group).

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

- our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Single Largest Group of Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- our Single Largest Group of Shareholders will undertake to provide all necessary information, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- in the event of any potential conflict of interests at the shareholders’ level, our Single Largest Group of Shareholders shall abstain from voting at the Shareholders’ meeting of our Company with respect to the relevant resolutions; and
- we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Single Largest Group of Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon [REDACTED], our Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board is responsible for, and has general powers of, the management and conduct of our business.

The following table sets forth certain information regarding our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Position(s)	Responsibilities	Relationship with other Directors or senior management
Executive Directors						
Mr. Yao Haiping (姚海平)	53	July 2011	September, 2019	Chairman of the Board, executive Director and chief executive officer	Responsible for the overall operation and management of our Group	None
Dr. Shen Bo (沈泊)	50	July 2011	[REDACTED] (Note)	Executive Director and chief technology officer	Responsible for the research and development of chips and product application innovation of our Group	None
Mr. Zhong Qi (鍾琪)	51	July 2011	September, 2019	Executive Director and chief operating officer	Responsible for project implementation and daily operations of our Group	None
Non-Executive Directors						
Ms. Zhang Wenqian (張雯茜)	34	January 2026	January 2026	Non-executive Director	Responsible for providing strategic advice and recommendations to the Board on the Group’s business development and management	None
Mr. Zhang Zhibin (張志斌)	57	January 2026	January 2026	Non-executive Director	Responsible for providing strategic advice and recommendations to the Board on the Group’s business development and management	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as Director	Position(s)	Responsibilities	Relationship with other Directors or senior management
Dr. Robert Yung (容志誠) (alias Yung, Chi Shing Robert)	64	January 2021	January 2021	Non-executive Director	Responsible for providing strategic advice and recommendations to the Board on the Group’s business development and management	None

Independent Non-Executive Directors

Ms. Chu, Pak Fei Tiffany (朱柏霏)	46	[REDACTED]	[REDACTED] (Note)	Independent non-executive Director	Responsible for supervising and providing independent judgment to the Board	None
Mr. Liu, Sai Keung Thomas (廖世強)	53	[REDACTED]	[REDACTED] (Note)	Independent non-executive Director	Responsible for supervising and providing independent judgment to the Board	None
Dr. Zeng Xiaoyang (曾曉洋)	53	[REDACTED]	[REDACTED] (Note)	Independent non-executive Director	Responsible for supervising and providing independent judgment to the Board	None

Note: As of the Latest Practicable Date, Mr. Liu Hongming (劉洪明), Mr. Shen Sha (沈沙), Mr. Li Wenkui (李文魁), Mr. Xu Wei (許維), Mr. Yang Yunfeng (楊運峰) and Ms. Wei Yiman (魏伊曼) were our Directors. Each of them will resign from directorship, effective upon [REDACTED].

The appointment of Dr. Shen as a proposed executive Director and the appointment of Ms. Chu, Pak Fei Tiffany, Mr. Liu, Sai Keung Thomas and Dr. Zeng Xiaoyang as proposed independent non-executive Directors have already been approved by way of a general meeting of the Company on January 13, 2026 and will become effective upon [REDACTED].

Executive Directors

Mr. Yao Haiping (姚海平), aged 53, is a co-founder of our Group, an executive Director, the chairman of our Board, and our chief executive officer. Mr. Yao has been our chief executive officer since July 2011. He has served as a Director since September 2019 and was re-designated as our executive Director in January 2026. He is primarily responsible for the overall operation and management of our Group.

From April 1998 to August 2009, he co-founded Shengjing Technology Development (Shanghai) Ltd. (上海聖景科技發展有限公司) (“**Shengjing Technology**”), a company specializing in chip analysis EDA software and services, where he served as an executive director.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yao obtained his bachelor’s degree in microelectronics from Fudan University (復旦大學) in July 1996. He also obtained his master’s degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in July 1999.

Dr. Shen Bo (沈泊), aged 50, is a co-founder of the Group, an executive Director and our chief technology officer. Dr. Shen has been our chief technology officer since July 2011. He has served as a Director since September 2019 until November 2022 and was re-appointed as an executive Director in January 2026 with effect from the [REDACTED]. He is primarily responsible for the research and development of chips and product application innovation of our Group.

In 2000, Dr. Shen established Shanghai Microelectronics Integrated Circuit Co., Ltd.* (上海微集成電路有限公司), a company specializing in provision of technical services in relation to integrated circuits and the design and sales of related products, where he served as a general manager and was responsible for overseeing the development and market promotion of digital TV chips until June 2008. In 2008, he established Shanghai Shifeng Microelectronics Co., Ltd. (上海視豐微電子有限公司), a company specializing in design and sale of mobile TV chips, where he served as the executive director and chief technology officer, and was responsible for research and development of mobile TV chips until July 2011. He also served as an associate professor and master’s supervisor in chip design in the department of electronic engineering at Fudan University (復旦大學) from July 2002 to July 2005.

Dr. Shen obtained his bachelor’s degree in electronics and information systems from Fudan University (復旦大學) in July 1996. He also obtained his master’s degree in circuits and systems from Fudan University (復旦大學) in July 1999. He also obtained his doctoral degree in circuits and systems from Fudan University (復旦大學) in July 2002.

Mr. Zhong Qi (鍾琪), aged 51, is a co-founder of the Group, an executive Director and our chief operating officer. Mr. Zhong has been our chief operating officer since July 2011. He has served as a Director since September 2019 and was re-designated as our executive Director in January 2026. He is primarily responsible for project implementation and daily operations of our Group. He is also a director of Shanghai Kuxin Intelligent and Kuxin HK.

In 1998, Mr. Zhong co-founded Shengjing Technology, a company specializing in chip analysis EDA software and services, where he served as the chief operating officer and was responsible for project execution and management of software and chip analysis processing technologies until 2009.

Mr. Zhong obtained his bachelor’s degree in microelectronics from Fudan University (復旦大學) in July 1997. He also obtained his master’s degree in microelectronics and solid-state electronics from Fudan University (復旦大學) in July 2000.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Ms. Zhang Wenqian (張雯茜), aged 34, is a non-executive Director. Ms. Zhang joined our Group in January 2026. She is primarily responsible for providing strategic advice and recommendations to the Board on the Group’s business development and management.

From July 2013 to April 2016, Ms. Zhang worked as an analyst at China International Capital Corporation Limited, an investment banking firm. From May 2016 to May 2018, she worked as an investment manager at Beijing Yunhui Investment Management Co., Ltd. (北京雲暉投資管理有限公司), a private equity investment firm. From May 2018 to November 2022, she worked as an investment manager at Meituan, a Chinese technology company. From December 2022 to July 2023, she served as an investment vice president at Sinovation Ventures (創新工廠), an investment institution. From July 2023 to February 2025, she served as an industry representative at Feng Yuan (Ningbo) Private Equity Fund Management Co., Ltd (馮源(寧波)私募基金管理有限公司), a private equity investment firm. Since April 2025, she has been serving as an investment manager at GigaDevice Semiconductor Inc. (stock codes: 3986.HK and 603986.SH), a fabless semiconductor company and one of our Pre-[REDACTED] Investors.

Ms. Zhang obtained her bachelor’s degree in mathematics and applied mathematics from Fudan University (復旦大學) in July 2013.

Mr. Zhang Zhibin (張志斌), aged 57, is a non-executive Director. Mr. Zhang joined our Group in January 2026. He is primarily responsible for providing strategic advice and recommendations to the Board on the Group’s business development and management.

From June 2001 to May 2023, he served in management roles across multiple business divisions at Intel China Ltd., where he was primarily responsible for technology, marketing, sales and strategic cooperation. Since February 2024, he has been serving as a strategic director at GigaDevice Semiconductor Inc. (stock codes: 3986.HK and 603986.SH), a fabless semiconductor company and one of our Pre-[REDACTED] Investors, where he was primarily responsible for strategic planning and strategic cooperation.

Mr. Zhang obtained his bachelor’s degree in communication engineering from Beijing University of Posts and Telecommunications (北京郵電大學) in June 1990. He also obtained his master’s degree in circuits and systems from Beijing University of Posts and Telecommunications (北京郵電大學) in April 1993.

Dr. Robert Yung (容志誠), (alias Yung, Chi Shing Robert), aged 64, is a non-executive Director. Dr. Yung joined our Group in January 2021 and was re-designated as an non-executive Director in January 2026. He is primarily responsible for providing strategic advice and recommendations to the Board on the Group’s business development and management.

Dr. Yung served as the chief strategy officer and vice president of Analog Devices from December 2011. From 2016 to 2019, he served as the partner of Walden International Investment Consulting (Beijing) Co., Ltd. Shanghai Branch (華登投資諮詢(北京)有限公司上海分公司) and has been the founding partner and chairman of the investment committee at Guangdong Huaxu Private Equity Fund Management Co., Ltd. (廣東華胥私募基金管理有限公司) since 2018.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Yung obtained his bachelor’s degree in electrical engineering and computer sciences from the University of California, Berkeley in May 1985. He also obtained his master’s degree in electrical engineering and computer sciences at the same institution in May 1988 and a doctoral degree in electrical engineering and computer sciences at the same institution in May 1998. In 2000, Dr. Yung was named to the World Economic Forum’s “Top 100 Global Leaders for Tomorrow” in Davos, Switzerland. Dr. Yung was named to the National Committee on United States — China Relations as a Fellow during the inaugural Young Leader Forum in 2002.

Independent Non-executive Directors

Ms. Chu, Pak Fei Tiffany (朱柏霏), aged 46, was appointed as an independent non-executive Director in January 2026 with effect from the [REDACTED]. She is primarily responsible for supervising and providing independent judgment to the Board.

From December 2003 to April 2013, she worked in the assurance department and the advisory department of PricewaterhouseCoopers and her last position was associate director. From May 2013 to August 2017, she worked at CITIC International Assets Management Limited and her last position was deputy general manager, investment. From August 2017 to May 2024, Ms. Chu served as the chief financial officer in ZWC Management Limited.

Ms. Chu obtained her bachelor’s degree in accounting from City University of Hong Kong in November 2001. She has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since July 2005.

Mr. Liu, Sai Keung Thomas (廖世強), aged 53, was appointed as an independent non-executive Director in January 2026 with effect from the [REDACTED]. He is primarily responsible for supervising and providing independent judgment to the Board.

He is the chief operating officer and executive director of Vcredit Holdings Limited (stock code: 2003.HK), and he is responsible for overseeing the day-to-day operations of the company. Mr. Liu worked as the managing director in the strategic investment division at GroupM, which is a division of J. Walkter Thompson-Bridge Advertising Co., Ltd., from August 2007 to May 2009. He was also a vice president in the business development department at Star (China) Company Limited, a then subsidiary of 21st Century Fox (Asia) Ltd. (formerly known as the News Corporation) from February 2006 to July 2007. From April 2003 to February 2006, Mr. Liu held various positions in the group of TOM Group Limited (stock code: 2383.HK), including as director of the corporate development department at TOM Online Inc. Mr. Liu was an associate in Lehman Brothers Inc. in New York from 2001 to 2002. He has served as the chief operating officer at Vision Credit Financial Technology Co., Ltd. (上海維信薈智金融科技有限公司) since November 2011. Mr. Liu has been an independent non-executive director of NetDragon Websoft Holdings Limited (stock code: 777.HK) (previously known as NetDragon Websoft Inc.) since October 2007.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu obtained his bachelor’s degree in business administration in May 1995 and a master’s degree in finance (evening program) in December 1999, both from The Chinese University of Hong Kong. He also received a master’s degree in business administration, majoring in finance and strategy, from The Anderson School at University of California, Los Angeles, in June 2001.

Dr. Zeng Xiaoyang (曾曉洋), aged 53, was appointed as an independent non-executive Director in January 2026 with effect from the [REDACTED]. He is primarily responsible for supervising and providing independent judgment to the Board.

He is currently a professor and PhD supervisor, associate dean of the School of Microelectronics, associate director of the National Key Laboratory of Integrated Chips and Systems (集成芯片與系統全國重點實驗室) at Fudan University (復旦大學). Dr. Zeng has been an independent director of Southchip Semiconductor Technology (Shanghai) Co., Ltd. (上海南芯半導體科技股份有限公司) (stock code: 688484.SH) since October 2021, a company principally engaged in the production of power management chips.

Dr. Zeng obtained his bachelor’s degree in mechanical engineering from Xiangtan University (湘潭大學) in June 1996 and a doctoral degree in optical engineering from Changchun Institute of Optics, Fine Mechanics and Physics, Chinese Academy of Sciences (中國科學院長春光學精密機械與物理研究所) in March 2021.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Date of joining our Group	Date of appointment as senior management	Position(s)	Responsibilities	Relationship with other Directors or senior management
Mr. Yao Haiping (姚海平)	53	July 2011	July 2011	Chairman of the Board, executive Director and chief executive officer	Responsible for the overall operation and management of our Group	None
Dr. Shen Bo (沈泊)	50	July 2011	July 2011	Executive Director and chief technology officer	Responsible for the research and development of chips and product application innovation of our Group	None
Mr. Zhong Qi (鍾琪)	51	July 2011	July 2011	Executive Director and chief operating officer	Responsible for project implementation and daily operations of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as senior management	Position(s)	Responsibilities	Relationship with other Directors or senior management
Mr. Xu Wei (許維)	44	December 2020	December 2020	Chief financial officer, secretary of the Board and joint company secretary	Responsible for overseeing the financial management, accounting, investor relationship and corporate governance of our Group	None

Mr. Yao Haiping (姚海平), aged 53, is a co-founder of our Group, an executive Director, the chairman of our Board, and chief executive officer. For biography details of Mr. Yao, see “— Executive Directors” above.

Dr. Shen Bo (沈泊), aged 50, is a co-founder of the Group, an executive Director and our chief technology officer. For biography details of Dr. Shen, see “— Executive Directors” above.

Mr. Zhong Qi (鍾琪), aged 51, is a co-founder of the Group, an executive Director and our chief operating officer. For biography details of Mr. Zhong, see “— Executive Directors” above.

Mr. Xu Wei (許維), aged 44, is our chief financial officer, the secretary of the Board and joint company secretary. Mr. Xu joined our Group and has been serving as a Director since December 2020 and will resign as our Director, effective upon [REDACTED]. He was appointed as a joint company secretary of our Company in January 2026. He is primarily responsible for overseeing the financial management, accounting, investor relationship and corporate governance of our Group.

From July 2007 to June 2016, Mr. Xu served as an audit manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所). From October 2016 to October 2018, he worked as an investment director at Jupiter Investment Management Co., Ltd. (巨擎投資管理有限責任公司). From November 2018 to April 2020, he worked at Blue Sail Medical Co., Ltd. (藍帆醫療股份有限公司) and his last position was an investor relations director.

Mr. Xu obtained his master’s degree in management from Dongbei University of Finance and Economics (東北財經大學) in March 2007. He was qualified as a certificated public accountant by The Certified Public Accountant Examination Committee of The Ministry of Finance, PRC in January 2012.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Xu Wei (許維), aged 44, is our joint company secretary. See “— Senior Management” above for details of biography for Mr. Xu.

Ms. Au Ching (歐正), is our joint company secretary. She was appointed as a joint company secretary of our Company in January 2026, with effect from [REDACTED]. She is an assistant manager of the listing services division at TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. She has over 9 years of experience in company secretarial profession. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Au obtained her bachelor’s degree in business administration from the Hong Kong Shue Yan University in July 2015 and a master degree in English language studies in September 2016.

BOARD COMMITTEES

Audit Committee

Our Company has established an Audit Committee (with effect from the [REDACTED]) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Ms. Chu, Pak Fei Tiffany, Dr. Zeng Xiaoyang and Mr. Liu, Sai Keung Thomas. Ms. Chu, Pak Fei Tiffany has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group, and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a Remuneration Committee (with effect from the [REDACTED]) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee has three members, namely Dr. Zeng Xiaoyang, Ms. Chu, Pak Fei Tiffany and Mr. Liu, Sai Keung Thomas. Dr. Zeng Xiaoyang has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Our Company has established a Nomination Committee (with effect from the [REDACTED]) with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Yao, Dr. Zeng Xiaoyang and Ms. Chu, Pak Fei Tiffany. Mr. Yao is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

DIRECTORS AND SENIOR MANAGEMENT

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. The Board Diversity Policy sets out the criteria for selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance and accounting, investment and technology. The Board is of the view that our Board satisfies the Board Diversity Policy. Two of our Directors are female. While we recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male, we will continue to apply the appointment criteria based on competence and with reference to the overall diversity policy. Our Board will also ensure that an appropriate balance of gender diversity is achieved with reference to investors’ expectations, and international and local recommended best practices.

To further ensure gender diversity on our Board in the long run, our Group will also identify and select several female individuals with a diverse range of skills, experience, and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board. In addition to the Board level, we are also committed to promoting gender diversity at the senior management and all other levels of our Group by providing career development opportunities for female staff, making available to them knowledge and skills training in support of succession planning and ensuring future gender diversity can be achieved on the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. After [REDACTED], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

None of our Directors had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with our business and would require disclosure under Rule 8.10 of the Listing Rules.

As of the Latest Practicable Date, Mr. Yao acted as a non-executive director at Shanghai X Chip Microelectronics Technology Co., Ltd. (上海興芯微電子科技有限公司), a company principally engaged in R&D and sales of chips for the automotive industry. Mr. Yao was not involved in the daily management and operation of the aforementioned company. As such, the directorship held by Mr. Yao would not give rise to any material competition issue under Rule 8.10 of the Listing Rules. As of the Latest Practicable Date, Mr. Yao, Dr. Shen and Mr. Zhong collectively owned approximately 19.67%

DIRECTORS AND SENIOR MANAGEMENT

equity interests in LYNMAX (Beijing) Technology Co., Ltd. (凌美芯(北京)科技有限責任公司), a company principally engaged in large-scale data center operation and maintenance. Mr. Yao owned approximately 41.06% partnership interests in Shanghai Ganhong Enterprise Management Consulting partnership (Limited Partnership) (上海感弘企業管理諮詢合夥企業(有限合夥)) as its limited partner. Shanghai Ganhong Enterprise Management Consulting partnership (Limited Partnership) owned approximately 18.60% equity interests in Sensethink Technology (Shenzhen) Co., Ltd. (感悟科技(深圳)有限公司), which in turn wholly owned Shanghai Sensethink Communication Technology Co., Ltd. (上海感悟通信科技有限公司), two companies principally engaged in relay networking technologies. However, as the aforementioned businesses are clearly delineated from the business of our Group in respect of, among others, sectors and industries of applications, customers, products and focus of business development, they do not and are not likely to compete, directly or indirectly, with the business of the Group.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 19, 2026, and (ii) understands his or her obligations as a director of a [REDACTED] company under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he/she had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

Interests of Directors and members of senior management

Except as disclosed in this Document, as of the Latest Practicable Date, each of the Directors and members of senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any of the Directors and members of senior management as of the Latest Practicable Date; (iii) did not hold any other directorship and supervisor’s position in listed companies in the three years prior to the Latest Practicable Date. To the best of the knowledge, information and belief of our Directors and senior management, having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and senior management that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors and senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. For the Directors’ interests in the Shares within the meaning of Part XV of the SFO, see “Appendix IV — Statutory and General Information” in this Document.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [REDACTED] except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and chief executive officer of the Company are currently performed by Mr. Yao. In view of Mr. Yao's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Yao acting as both our chairman and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it is appropriate and beneficial to our business development and prospects that Mr. Yao continues to act as both our chairman and chief executive officer after the [REDACTED], and therefore currently do not propose to separate the functions of chairman and chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Yao and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The compensation and remuneration of the Directors and members of the senior management of the Company are determined by the Shareholders' meetings and the Board as appropriate in the form of salaries and bonuses. The Company also reimburses them for expenses that are necessary and reasonably incurred in providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of the Company, the Shareholders' meetings, and the Board take

DIRECTORS AND SENIOR MANAGEMENT

into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration.

Our Company offers executive Directors and members of senior management, who are also employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans, and other benefits. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid or payable to the Directors for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, were RMB39,402,000, RMB41,660,000 and RMB6,176,000, respectively.

The aggregate amounts of remuneration paid or payable to the five highest-paid individuals for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025 were RMB38,556,000, RMB44,164,000 and RMB5,443,000, respectively.

It is estimated that remuneration equivalent to approximately RMB5.13 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2026.

No remuneration was paid by the Company to the Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances:

- Before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be notifiable or connected, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner that is different from that detailed in this Document or where our business activities, developments, or results deviate from any forecasts, estimates, or other information in this Document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or [REDACTED] of the Shares, the possible development of a false market in the Shares, or any other matters.

The terms of the appointment of the compliance advisor will commence on the [REDACTED] and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders

So far as our Directors are aware, immediately following completion of the [REDACTED] and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

Name of Shareholder	Nature of interest	Class of Shares	As of the date of this Document		Immediately following the completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			
			Number of Shares interested in	Approximate percentage of shareholding in our total share capital ⁽²⁾	Class of Shares	Number	Approximate percentage of shareholding in the relevant class of the Shares ⁽²⁾	Approximate percentage of relevant class of shareholding in the total issued share capital of our Company ⁽²⁾
Mr. Yao ⁽³⁾	Beneficial owner	Unlisted Shares	2,130,882	6.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interests in controlled corporation	Unlisted Shares	900,000	2.91%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	Unlisted Shares	7,113,537	23.03%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Shen ⁽³⁾	Beneficial owner	Unlisted Shares	2,356,287	7.63%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interests in controlled corporation	Unlisted Shares	2,802,096	9.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	Unlisted Shares	4,986,036	16.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhong ⁽³⁾	Beneficial owner	Unlisted Shares	1,955,154	6.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	Unlisted Shares	8,189,265	26.51%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Lingmou ⁽³⁾⁽⁴⁾	Beneficial owner	Unlisted Shares	1,437,066	4.65%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	Unlisted Shares	8,707,353	28.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Huimou ⁽³⁾⁽⁵⁾	Beneficial owner	Unlisted Shares	1,365,030	4.42%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	Unlisted Shares	8,779,389	28.42%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Jixuan ⁽³⁾⁽⁶⁾	Beneficial owner	Unlisted Shares	900,000	2.91%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest of person acting in concert	Unlisted Shares	9,244,419	29.93%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司) ⁽⁷⁾	Beneficial owner	Unlisted Shares	3,199,155	10.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Ko Ping Keung (高秉強)	Beneficial owner	Unlisted Shares	1,827,853	5.92%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd. (上海張江浩成創業投資有限公司) ⁽⁸⁾	Beneficial owner	Unlisted Shares	387,187	1.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares interested in	Approximate percentage of shareholding in our total share capital ⁽²⁾	Class of Shares	Immediately following the completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)			Approximate percentage of relevant class of shareholding in the total issued share capital of our Company ⁽²⁾
						Number	Class of the Shares ⁽²⁾	Number	
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) ⁽⁸⁾	Interests in controlled corporation	Unlisted Shares	387,187	1.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業投資有限公司) ⁽⁹⁾	Beneficial owner	Unlisted Shares	360,000	1.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業園投資開發有限公司) ⁽⁹⁾	Interests in controlled corporation	Unlisted Shares	360,000	1.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Pudong Innotech Capital Co., Ltd. (上海浦東科創集團有限公司) ⁽⁹⁾	Interests in controlled corporation	Unlisted Shares	360,000	1.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] Unlisted Shares and [REDACTED] H Shares in issue immediately upon completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised).
- (3) As of the Latest Practicable Date, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan directly held 2,130,882 Shares, 2,356,287 Shares, 1,955,154 Shares, 1,437,066 Shares, 1,365,030 Shares and 900,000 Shares, respectively.

Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the “**Concert Parties**”) (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alia, the Company’s operation and management, and exercising the Shareholders’ rights, including but not limited to the right vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. As such, each of the Concert Parties is deemed to be interested in the Shares the other is interested under the SFO.

- (4) Shanghai Lingmou is a Pre-[REDACTED] Employee Incentive Platform. As of the date of this Document, the general partner of Shanghai Lingmou is Dr. Shen, and none of its limited partners owned more than 30% of the partnership interests in Shanghai Lingmou. Therefore, Dr. Shen is deemed to be interested in the Shares held by Shanghai Lingmou under the SFO.

SUBSTANTIAL SHAREHOLDERS

- (5) Shanghai Huimou is a Pre-[REDACTED] Employee Incentive Platform. As of the date of this Document, the general partner of Shanghai Huimou is Dr. Shen, and none of its limited partners owned more than 30% of the partnership interests in Shanghai Huimou. Therefore, Dr. Shen is deemed to be interested in the Shares held by Shanghai Huimou under the SFO.
- (6) Shanghai Jixuan is a Pre-[REDACTED] Employee Incentive Platform. As of the date of this Document, the general partner of Shanghai Jixuan is Mr. Yao, and none of its limited partners owned more than 30% of the partnership interests in Shanghai Jixuan. Therefore, Mr. Yao is deemed to be interested in the Shares held by Shanghai Jixuan under the SFO.
- (7) GigaDevice Semiconductor Inc. is listed on the Shanghai Stock Exchange (stock code: 603986) and the Stock Exchange (stock code: 3986).
- (8) Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd. (上海張江浩成創業投資有限公司) is wholly owned by Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock Code: 600895). Therefore, Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. is deemed to be interested in the Shares held by Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd. under the SFO.
- (9) Shanghai Zhangjiang Torch Venture Capital Co., Ltd. is wholly owned by Shanghai Zhangjiang Torch Venture Capital Co., Ltd. (上海張江火炬創業園投資開發有限公司), which is in turn wholly owned by Shanghai Pudong Innotek Capital Co., Ltd. (上海浦東科創集團有限公司). Shanghai Pudong Innotek Capital Co., Ltd. is owned as to 90% by State owned Assets Supervision and Administration Commission of Pudong New Area, Shanghai (上海市浦東新區國有資產監督管理委員會). Therefore, each of Shanghai Zhangjiang Torch Venture Capital Co., Ltd., Shanghai Pudong Innotek Capital Co., Ltd. and Assets Supervision and Administration Commission of Pudong New Area is deemed to be interested in the Shares held by Shanghai Zhangjiang Torch Venture Capital Co., Ltd. under the SFO.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the [REDACTED] and the [REDACTED] of our Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

SHARE CAPITAL

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB30,886,218, comprising 30,886,218 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the [REDACTED] and the [REDACTED] of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Assuming the [REDACTED] is not exercised:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] from Unlisted Shares ⁽¹⁾	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>	<u><u>100.00%</u></u>

Assuming the [REDACTED] is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
Unlisted Shares in issue	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] from Unlisted Shares ⁽¹⁾	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>	<u><u>100.00%</u></u>

Note:

- (1) Following the completion of the [REDACTED], [REDACTED] Unlisted Shares held by our existing Shareholders will be [REDACTED] into H Shares on a one-for-one basis and [REDACTED] on the Stock Exchange for [REDACTED].

SHARE CAPITAL

SHARES OF OUR COMPANY

Upon completion of the [REDACTED], depending on whether Shares are [REDACTED] on the Stock Exchange, our Company will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association. However, the H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC, apart from certain [REDACTED] in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

Unlisted Shares and H Shares carry the same rights and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB, whereas all dividends for Unlisted Shares will be paid in RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may, at their own option, authorize us to apply to the CSRC for [REDACTED] of their respective Unlisted Shares to H Shares. After the [REDACTED] of Unlisted Shares, such converted Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that such [REDACTED] shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [REDACTED] of such converted Shares on the Stock Exchange will also require the approval of the Stock Exchange. In addition, such [REDACTED], [REDACTED] and [REDACTED] shall in all respects comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the [REDACTED] of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed [REDACTED] to ensure that the [REDACTED] process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any [REDACTED] of additional Shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior [REDACTED] for [REDACTED] at the time of our [REDACTED] in Hong Kong.

No class Shareholder voting is required for the [REDACTED] and [REDACTED] of the converted Shares on the Stock Exchange. Any [REDACTED] for [REDACTED] of the converted Shares on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed [REDACTED].

SHARE CAPITAL

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the [REDACTED]: the relevant Unlisted Shares will be withdrawn from the Unlisted Share register and we will re-register such Shares on our [REDACTED] maintained in Hong Kong and instruct the [REDACTED] to [REDACTED]. Registration on our H Share register will be conditional on (a) our [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the [REDACTED] of the H Shares to [REDACTED] on the Stock Exchange in compliance with the Listing Rules, the [REDACTED] and the [REDACTED] in force from time to time. Until the converted shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The Company Law provides that in relation to the [REDACTED] of a company, the shares of the company which have been issued prior to the [REDACTED] shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and shall not be transferred for a period of one year from the [REDACTED].

Pursuant to the Company Law, transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management, a summary of which is set out in “Summary of the Articles of Association of the Company” in Appendix III to this Document.

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstances under which our general Shareholders’ meeting required, see “Summary of the Articles of Association of the Company” in Appendix III to this Document.

GENERAL MANDATES TO ISSUE H SHARES

Subject to the completion of the [REDACTED], the Board has been granted with a general mandate to issue our H Shares. For details, see “Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders in Relation to the [REDACTED]” in Appendix IV to this Document. Any reference to an allotment, issue, grant, offer or disposal of Shares therein shall include the sale or transfer of treasury Shares in the capital of the Company (including to satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for Shares) to the extent permitted by, and subject to the provisions of the Listing Rules and applicable laws and regulations.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information included in “Appendix I — Accountants’ Report” to this Document, together with the accompanying notes. Our consolidated financial information have been prepared in accordance with HKFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report, and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this Document, including “Risk Factors” and “Business.”

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a market-leading visual processing AI SoC supplier in China with solid solutions capabilities. Leveraging deep industry knowledge that we integrate with our innovative technology, we offer a diverse product portfolio applicable to consumer and industrial AI scenarios. Seamlessly integrated into UAVs, AIoT and smart wearables applications, our products continuously expand the application landscape and enhance the utility of smart devices.

Our business is underpinned by solid full-stack in-house R&D strengths. Through solid IC architecture design expertise, we built 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. Our deep vertical integration of high performance SoC architectures, proprietary technology IPs and dedicated algorithms and software empower smart devices without compromising performance, power consumption, or costs. Building on our robust, anti-interference wireless video transmission modules, we have built solid advantages in the UAVs, AIoT and smart wearables markets.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

See note 1 to the Accountant’s Report in Appendix I to this Document.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

1. Overall economic growth and conditions.
2. Development of the global SoC industry.
3. Conditions of the downstream markets and demand fluctuations.
4. Technology development and competition in the SoC industry.
5. Cyclical fluctuations in the SoC industry.
6. Relevant laws and regulations, government policies and initiatives.

Company-specific Factors

Our ability to strengthen customer relationships and expand sales networks

Strong customer relationships and expanding sales networks directly drive our revenue growth and market position. We have established a diversified customer base comprising customers with both customized and standardized product requirements. We have maintained strong collaboration with our large customers, who are well-established companies in their respective industries. Our collaboration has involved joint development of tailored, high-value products, which effectively contributed to high customer stickiness and recurring demand. In addition, While maintaining deep partnerships with large customers, we also serve smaller customers with standardized solutions, further expanding our market reach. We aim to further strengthen our customer relationships by offering competitive products and services while continuing to expand our sales network through sales and marketing efforts. These efforts include participation in industry exhibitions, provision of proactive pre-sales support and expansion of our overseas sales networks. In the long run, a stable and expanding customer base remains critical to reinforcing our market position within the industry, which we expect to lead to higher revenue and profit growth.

Product development cycle

Our financial results during the Track Record Period were closely tied to our product development cycles and the maturity stages of our key products. At the earlier stages of a product development cycle, R&D costs typically constitute a significant portion of our overall cost structure, while revenue contribution from products under development remains limited. This front-loaded investment profile is particularly evident in our industry due to the complexity of chip design, lengthy development timelines, and the need for extensive testing and validation before commercialization.

FINANCIAL INFORMATION

As products progress from the R&D stage into commercialization and mass production, the financial dynamics shifts accordingly. Revenue increases as products gain market traction, and the impact of upfront development costs is distributed across higher sales volumes, resulting in improved cost efficiency and expanding gross profit margins. For the year ended December 31, 2023, certain core products in the UAVs, AIoT and smart wearables application fields were still in the R&D or early commercialization stage, which required substantial upfront R&D investment, while revenue contribution from such products remained relatively limited. For the year ended December 31, 2024 and nine months ended September 30, 2025, as these products subsequently entered the commercialization and mass production stage, shipment volumes and revenue increased, and the impact of upfront development costs on our overall cost structure was diluted, contributing to improved cost efficiency and gross profit margins.

Accordingly, fluctuations in our revenue, cost of sales and gross profit margin during the Track Record Period reflect the different stages of our product development cycle. We anticipate maintaining substantial and sustained investment in R&D to preserve and enhance our market position. As we scale our operations and as our products progress further along their lifecycle curves, we expect to benefit from operational leverage while simultaneously investing in next-generation technologies that will drive future growth.

Our ability to enhance product mix and offer cutting-edge products

Our ability to enhance our product mix and deliver cutting-edge products significantly influences our results of operations. We have long focused on developing visual processing AI SoCs, wireless video transmission SoCs and providing differentiated products to customers across various industry verticals. Our products are applied to UAVs, AIoT and smart wearables devices, and within each product category, we provide multiple products with varying specifications to address specific performance requirements across different end markets. Products carry varying gross profit profiles based on their technical specifications and application requirements to customers. In particular, products equipped with new-generation chips generally carry higher gross profit margins, reflecting their advanced capabilities, the substantial upfront R&D investment required for their development, and their ability to address more sophisticated customer requirements.

Our product mix is dynamic and continuously evolves in response to technological advancements, market conditions, and changing customer demands. Significant changes in product mix can directly impact our profitability, as shifts toward higher-margin products enhance overall performance while increased reliance on lower-margin offerings may have the opposite effect. To navigate these dynamics, we continuously refine our product portfolio, conduct R&D investment in high-margin and high-growth products, and align our offerings with market trends and customer needs. Through continued product diversification and strategic focus on high-margin offerings, we are committed to sustaining our financial performance, expanding our margin profile, and driving long-term revenue growth while benefiting from operational leverage and economies of scale.

FINANCIAL INFORMATION

Sustaining investment in R&D, technology and innovation

Our investment in R&D, technology and innovation is fundamental to our long-term success. We have independently developed core technologies across ISP, NPU and communication domains, which form the innovation foundation of our product mix. During the Track Record Period, leveraging our proprietary technologies and the expertise of our R&D team, we were able to closely collaborate with customers during their product development cycle, from initial design to final production. Our involvement in the early stages of product development helps us build close customer relationships. This early collaboration ensures our products address validated market needs and remain aligned with customer roadmaps, resulting in longer commercial life cycles and sustained revenue generation. We will continue to invest in R&D and advance our technology capabilities to help ensure that our products and services remain current in a rapidly developing industry.

Supply chain stability and deepening supplier relationships

We operate in a fabless model that focuses on product design and outsources the production process to suppliers for wafers, and packaging and testing services. As a result, our ability to satisfy customer orders is dependent on the resilience of the supply chain, including the supply of raw materials and the production capacity of foundries and packaging and testing partners. For the years ended December 31, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, the aggregate of our cost of raw materials and processing costs as a percentage of the total cost of sales was 68.9%, 85.1%, 87.0% and 86.5%, respectively. As raw material and packaging costs are expected to remain a material portion of our cost of sales, changes to such costs and fees are likely to impact our results of operations.

We have implemented measures to mitigate potential supply chain disruptions and have established long-term partnerships with leading foundries and packaging and testing facilities. These relationships help secure stable capacity, enable close collaboration, and minimize delays or bottlenecks, particularly during periods of high industry demand. Coordination with partners allows us to optimize production, shorten cycle times, and accelerate time-to-market. By managing procurement lead times for critical materials and services, we reduce inventory costs while maintaining continuous production. To further strengthen supply chain resilience and maintain cost competitiveness, we plan to expand cooperation with top-tier suppliers and diversify our supplier base to ensure stable supply and improved efficiency.

MATERIAL ACCOUNTING POLICY INFORMATION

We have identified certain accounting policies and estimate that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgement based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

See Note 2 and 3 to the Accountant's Report in Appendix I to this Document.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statement.

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Revenue from contracts with customers

We principally generates revenue from sales of SoC products. We mainly recognise revenue on a gross basis for our revenue transactions. In determine whether we act as an principal or as an agent, we considers whether we obtains control of the products before they are transferred to the customers. Control refers to the our ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue from sales of our products is recognised when the customer takes possession of and accepts the products. Revenue of services is recognised when the customer accepts the service results.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period and the period covered by the Interim Financial Information are as follows:

— Equipment and machinery	3–4 years
— Office equipment and furniture	3–5 years
— Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses. Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

Redemption liabilities

A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if our obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) that we could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liabilities is reclassified to equity upon a termination of the counterparty’s redemption right.

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RESULTS OF OPERATIONS

The following table sets forth our selected consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as a percentage of our revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Revenue	105,081	100.0	448,697	100.0	343,349	100.0	341,297	100.0
Cost of sales	<u>(93,363)</u>	<u>(88.8)</u>	<u>(304,266)</u>	<u>(67.8)</u>	<u>(235,717)</u>	<u>(68.7)</u>	<u>(190,189)</u>	<u>(55.7)</u>
Gross profit	11,718	11.2	144,431	32.2	107,632	31.3	151,108	44.3
Other net income	5,234	5.0	5,180	1.2	1,027	0.3	4,020	1.2
Selling and marketing costs	(29,172)	(27.8)	(29,662)	(6.6)	(18,686)	(5.4)	(20,657)	(6.1)
Administrative expenses	(73,613)	(70.1)	(67,551)	(15.1)	(52,388)	(15.3)	(21,634)	(6.3)
Research and development costs	<u>(136,546)</u>	<u>(129.9)</u>	<u>(139,884)</u>	<u>(31.2)</u>	<u>(82,652)</u>	<u>(24.1)</u>	<u>(62,012)</u>	<u>(18.2)</u>
(Loss)/profit from operations	<u>(222,379)</u>	<u>(211.6)</u>	<u>(87,486)</u>	<u>(19.5)</u>	<u>(45,067)</u>	<u>(13.1)</u>	<u>50,825</u>	<u>14.9</u>
Changes in the carrying amount of redemption liabilities	(85,553)	(81.4)	(127,634)	(28.4)	(110,563)	(32.2)	(51,085)	(15.0)
Other finance costs	<u>(341)</u>	<u>(0.3)</u>	<u>(1,129)</u>	<u>(0.3)</u>	<u>(596)</u>	<u>(0.2)</u>	<u>(2,000)</u>	<u>(0.6)</u>
Finance costs	<u>(85,894)</u>	<u>(81.7)</u>	<u>(128,763)</u>	<u>(28.7)</u>	<u>(111,159)</u>	<u>(32.4)</u>	<u>(53,085)</u>	<u>(15.6)</u>
Loss before taxation	(308,273)	(293.4)	(216,249)	(48.2)	(156,226)	(45.5)	(2,260)	(0.7)
Income tax	<u>—</u>	<u>0.0</u>	<u>(32)</u>	<u>0.0</u>	<u>—</u>	<u>0.0</u>	<u>(17)</u>	<u>0.0</u>
Loss for the year/period	<u>(308,273)</u>	<u>(293.4)</u>	<u>(216,281)</u>	<u>(48.2)</u>	<u>(156,226)</u>	<u>(45.5)</u>	<u>(2,277)</u>	<u>(0.7)</u>

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	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Loss per share								
Basic and Diluted (RMB)	<u>(11.40)</u>		<u>(7.96)</u>		<u>(5.75)</u>		<u>(0.08)</u>	
Loss for the year/period	(308,273)	(293.4)	(216,281)	(48.2)	(156,226)	(45.5)	(2,277)	(0.7)
Other comprehensive income								
for the year/period								
Item that is or may be								
reclassified subsequently								
to profit or loss:								
Exchange differences on								
translation of:								
— financial statements of an								
overseas subsidiary	<u>7</u>		<u>29</u>		<u>(1)</u>		<u>(47)</u>	
Total comprehensive income								
for the year/period	<u>(308,266)</u>	<u>(293.4)</u>	<u>(216,252)</u>	<u>(48.2)</u>	<u>(156,227)</u>	<u>(45.5)</u>	<u>(2,324)</u>	<u>(0.7)</u>

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit (non-HKFRS measure) as profit for the years/period adjusted by adding back changes in the carrying amount of redemption liabilities and equity-settled share-based transactions, which are non-cash items. We exclude changes in the carrying amount of redemption liabilities, which primarily relate to our ordinary shares with redemption rights issued to investors, which will be converted into equity of the Company upon [REDACTED], and equity-settled share-based transactions, as such changes are non-recurring in nature. Therefore, these items are added back to the adjusted net profit (non-HKFRS measure) with a view to eliminating the potential impacts of such items. The Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to [REDACTED] and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit (non-HKFRS measure) is not a measure required by, or presented in accordance with, HKFRS. The use of adjusted net profit (non-HKFRS measure) has limitations as an analytical tool, which should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

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The following table reconciles our adjusted net profit for the years (non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended December 31,		For the nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Loss for the year/period	(308,273)	(216,281)	(156,226)	(2,277)
Add:				
Changes in the carrying amount of redemption liabilities	85,553	127,634	110,563	51,085
Equity-settled share-based payment expenses	<u>37,954</u>	<u>79,495</u>	<u>36,371</u>	<u>(1,847)</u>
Adjusted net profit/(loss) (non-HKFRS measure)	<u><u>(184,766)</u></u>	<u><u>(9,152)</u></u>	<u><u>(9,292)</u></u>	<u><u>46,961</u></u>

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

For the years ended December 31, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our total revenue amounted to RMB105.1 million, RMB448.7 million, RMB343.3 million and RMB341.3 million, respectively.

Revenue by products

We derived our revenues mainly from (i) sales of SoC products, including chips and modules and (ii) provision of technology services. Our revenue from the sales of SoC products consists of sales of products applied to three core end-products: UAVs, AIoT and smart wearables. Our revenue from the sales of SoC products increased significantly in 2024, due to several reasons: (i) general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, (ii) growth in sales in all product segments. In turn, such increase was tied to our relevant product development stage whereby we commenced mass production and volume deliveries for certain new generation products commencing in 2024; and (iii) we commenced sales of products applied to smart wearables in the AR market, which expanded our products' end application scenarios and our customer base, contributing further to revenue growth. Our revenue from the sales of SoC products remained relatively stable at RMB333.3 million and RMB312.7 million in the nine months ended September 30, 2024 and 2025, respectively.

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Our revenue from provision of technology services consists of both product design services and IP incomes. Our revenue from technology services increased significantly from RMB4.7 million in 2023 to RMB13.8 million in 2024 mainly because of the recognition of income from IP licensing, amounting to RMB8.3 million. Our revenue from technology services increased from RMB10.1 million in the nine months ended September 30, 2024 to RMB28.6 million in the nine months ended September 30, 2025, due to the increase of product design services for smart wearables products.

The following table sets forth a breakdown of our revenue by products and a percentage of our total revenue for the periods presented.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
SoC products								
UAVs	65,835	62.7	276,636	61.7	233,773	68.0	193,784	56.8
UAV — Chips	4,078	3.9	4,794	1.1	1,849	0.5	41,884	12.3
UAV — Modules	61,757	58.8	271,842	60.6	231,924	67.5	151,900	44.5
AIoT	34,530	32.9	153,879	34.3	98,593	28.7	112,028	32.8
AIoT — Chips	12,884	12.3	46,398	10.3	26,197	7.6	47,211	13.8
AIoT — Modules	21,646	20.6	107,481	24.0	72,396	21.1	64,817	19.0
Smart Wearables — Chips	43	0.0	4,383	1.0	903	0.3	6,896	2.0
Subtotal	100,408	95.6	434,898	97.0	333,269	97.0	312,708	91.6
Technology Services⁽¹⁾	4,673	4.4	13,799	3.0	10,080	3.0	28,589	8.4
Total	<u>105,081</u>	<u>100.0</u>	<u>448,697</u>	<u>100.0</u>	<u>343,349</u>	<u>100.0</u>	<u>341,297</u>	<u>100.0</u>

Note:

- (1) Technology services primarily consist of non-recurring engineering (“NRE”) such as product design services and IP incomes.

Revenue by sales channel

We primarily promote and sell our SoCs and technology service through direct sales, but also conduct a smaller portion of our sales through distributors. For further details of our sales network, please see “Business – Our Customers – Distribution” in this Document. The following table sets forth our revenue breakdown by sales channel in absolute amount and as a percentage of our total revenue for the periods indicated. Our distribution sales increased from RMB3.4 million for the year ended December 31, 2023 to RMB171.2 million for the year ended December 31, 2024. Such increase was mainly due to an increase in sales of image processing SoC products through distributors as the relevant products were in high demand. Our sales through distributors subsequently decreased from RMB152.0 million for the nine months ended September 30, 2024 to RMB43.5 million for the nine months ended September 30, 2025 mainly because of our change in supplier that led to adjustment in capacity and we strategically focused on supplying to direct customers.

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	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Direct sales	101,717	96.8	277,545	61.9	191,338	55.7	297,796	87.3
Distribution sales	<u>3,364</u>	<u>3.2</u>	<u>171,152</u>	<u>38.1</u>	<u>152,011</u>	<u>44.3</u>	<u>43,501</u>	<u>12.7</u>
Total	<u><u>105,081</u></u>	<u><u>100.0</u></u>	<u><u>448,697</u></u>	<u><u>100.0</u></u>	<u><u>343,349</u></u>	<u><u>100.0</u></u>	<u><u>341,297</u></u>	<u><u>100.0</u></u>

Cost of Sales

Our cost of revenue primarily consisted of costs for raw materials, processing costs, depreciation and amortization, direct labor costs and inventory write-down costs. For the years ended December 31, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our cost of sales amounted to RMB93.4 million, RMB304.3 million, RMB235.7 million and RMB190.2 million, respectively. The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of total cost of sales, for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Raw materials	49,015	52.5	155,192	51.0	111,775	47.4	96,726	50.9
Processing costs	15,272	16.4	103,797	34.1	93,425	39.6	67,645	35.6
Depreciation and amortization	7,560	8.1	12,079	4.0	6,661	2.8	9,604	5.0
Direct labor costs	6,839	7.3	14,254	4.7	10,793	4.6	7,145	3.8
Inventory write-down costs	14,342	15.4	16,996	5.6	11,679	5.0	7,831	4.1
Others	<u>335</u>	<u>0.3</u>	<u>1,948</u>	<u>0.6</u>	<u>1,384</u>	<u>0.6</u>	<u>1,238</u>	<u>0.6</u>
Total	<u><u>93,363</u></u>	<u><u>100.0</u></u>	<u><u>304,266</u></u>	<u><u>100.0</u></u>	<u><u>235,717</u></u>	<u><u>100.0</u></u>	<u><u>190,189</u></u>	<u><u>100.0</u></u>

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During the Track Record Period, raw material costs and processing costs were the principal components of our cost of sales. In aggregate, the two items accounted for 68.9%, 85.1%, 87.0% and 86.5% of our total cost of sales for the respective periods. As raw materials costs, processing costs are directly tied to our products mass production, fluctuations in our cost of sales primarily reflected changes in our sales volume. Our inventory write-down costs represent provisions recognized for inventories whose net realizable value is lower than their carrying amount, which increased from RMB14.3 million for the year ended December 31, 2023 to RMB17.0 million for the year ended December 31, 2024, primarily due to slow moving old generation products with lower sales potential in light of our introduction of new generation products. Our inventory write-down costs decreased from RMB11.7 million for the nine months ended September 30, 2024 to RMB7.8 million for the nine months ended September 30, 2025, were mainly a benefit of our inventory management improvement, resulting in significantly lower write-down requirements in 2025.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our gross profit was RMB11.7 million, RMB144.4 million, RMB107.6 million and RMB151.1 million, respectively, and our gross profit margin was 11.2%, 32.2%, 31.3% and 44.3%, respectively. The following table sets forth our gross profit and gross margin for the periods indicated.

	Year ended December 31,		Nine months ended	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Revenue	105,081	448,697	343,349	341,297
Cost of sales	<u>(93,363)</u>	<u>(304,266)</u>	<u>(235,717)</u>	<u>(190,189)</u>
Gross profit	11,718	144,431	107,632	151,108
Gross profit margin	11.2%	32.2%	31.3%	44.3%

Gross profit and gross profit margin by products

During the Track Record Period, our gross profit and gross profit margin increased materially. Such increase in turn was primarily due to: (i) change in product mix as we provided higher-margin SoC products applied to UAVs and AIoT, and (ii) our provision of customized product design services for smart wearable products.

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The following table sets forth a breakdown of our gross profit and gross profit margin by products and services for the years ended December 31, 2023, 2024 and the nine months ended September 30, 2024, 2025.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
SoC products								
UAVs	9,012	13.7	90,875	32.9	74,200	31.7	84,130	43.4
UAV — Chips	1,233	30.2	2,700	56.3	898	48.6	28,284	67.5
UAV — Modules	7,779	12.6	88,175	32.4	73,302	31.6	55,846	36.8
AIoT	4,773	13.8	53,390	34.7	33,741	34.2	42,397	37.8
AIoT — Chips	1,811	14.1	10,340	22.3	3,385	12.9	17,584	37.2
AIoT — Modules	2,962	13.7	43,050	40.1	30,356	41.9	24,813	38.3
Smart Wearables —								
Chips	(11)	(25.6)	231	5.3	106	11.7	1,681	24.4
Technology Services⁽¹⁾	(2,056)	(44.0)	(65)	(0.5)	(415)	(4.1)	22,900	80.1

Note:

(1) Technology services primarily consist of non-recurring engineering such as product design services and IP incomes.

During the Track Record Period, the gross profit and gross profit margin of our UAV-Chips, AIoT SoC products, Smart Wearables — Chips increased materially. The increase was largely attributable to our product development cycle, whereby we commenced to introduce new generation SoC products in 2024 that contributed positively to our gross profit and gross profit margin.

Similarly, the gross profit and gross profit margin for our technology services segment also increased substantially in the nine-months ended September 30, 2025. Material changes in our gross profit and gross profit margin for our technology services segment was due to the type of services we provided. In 2023 and 2024, our technology services were mainly to aid our customers’ product development, which were often offered as auxiliary services to our product sales. The material increase in our gross and gross profit margin for the nine-months ended September 30, 2025 was attributable to us providing product design services for smart wearable products. Such design services involved higher-margin services including IP and chip customization.

On the other hand, while the gross profit margin for our UAV-Modules increased during the Track Record Period, the gross profit for such product segment decreased during the nine-months ended September 30, 2025 when compared to the same period in 2024. Such result was mainly due to switching supplier and had to complete the engineering phase of production, which in turn, limited our product supply. Under such circumstance, we elected to prioritize sales to strategic customers and our gross profit was affected accordingly.

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Other Net Income

Our other net income primarily consisted of (i) interest income; (ii) government grants and (iii) net gain from financial assets measured at FVPL. Our interest income declined from RMB2.4 million for the year ended December 31, 2023 to RMB0.4 million for the year ended December 31, 2024 because we reduced bank deposit and redeployed cash to support increasing operating needs. On the other hand, changes in our income from government grants primarily reflect (i) financial subsidies awarded by local government in recognition of the national-level certification and our industry leadership and (ii) the tax benefits granted to IC design companies in Chinese Mainland. Our net gain from financial assets measured at FVPL primarily represented the gain from investments on financial products, which decreased during the Track Record Period as we reduced the amount of these investments.

The following table sets forth a breakdown of our other net income in absolute amount for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Interest income	2,431	46.4	446	8.6	357	34.8	427	10.6
Net gain/(loss) on disposal of property, plant and equipment	7	0.1	—	—	—	—	(2)	—
Government grants	285	5.4	4,351	84.0	477	46.4	3,516	87.5
Net foreign exchange (loss)/gain	(33)	(0.6)	191	3.7	37	3.6	82	2.0
Net gain from financial assets measured at FVPL	2,714	51.9	38	0.7	38	3.7	—	—
Others	(170)	(3.2)	154	3.0	118	11.5	(3)	(0.1)
Total	5,234	100.0	5,180	100.0	1,027	100.0	4,020	100.0

Selling and Marketing Expenses

Our selling and marketing expenses mainly consisted of (i) employee expenses, (ii) equity-settled share-based transactions, (iii) travelling and hospitality expenses, (iv) marketing expenses, and (v) depreciation and amortization expenses. During the Track Record Period, our employee expenses are primarily employee salaries paid to sales and marketing staff and customer technical support personnel. Changes in our employee expenses correlate with the number of sales and marketing staff we hired as well as the needs for customer technical support. We also incurred equity-settled share-based transactions in relation to incentive payments given to employees who have contributed to our business advancement.

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Travelling and hospitality expenses, as well as marketing expenses are primarily related to costs we incurred in relation to activities for product promotion and market expansion. Reduced travelling and hospitality expenses and marketing expenses were due to the fact that we incurred more marketing expenses in relation to launch of new products in 2023. As sales for such products entered more mature marketing phases in 2024, the relating costs declined accordingly. Depreciation and amortization mainly represented the depreciation of office decoration costs, which declined over time as the relevant assets depreciate.

The following table sets forth a breakdown of our selling and marketing expenses both in absolute amount and as a percentage of our total selling and marketing expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Employee expenses	19,806	67.9	18,517	62.4	14,463	77.4	19,182	92.9
Equity-settled share-based transactions	1,048	3.6	7,083	23.9	832	4.5	(403)	(2.0)
Travelling and hospitality expenses	880	3.0	703	2.4	584	3.1	567	2.7
Marketing expenses	2,183	7.5	900	3.0	900	4.8	86	0.4
Office expenses	817	2.8	136	0.5	92	0.5	67	0.3
Depreciation and amortization	3,545	12.2	1,759	5.9	1,377	7.4	690	3.3
Others	893	3.0	564	1.9	438	2.3	468	2.4
Total	<u>29,172</u>	<u>100</u>	<u>29,662</u>	<u>100</u>	<u>18,686</u>	<u>100</u>	<u>20,657</u>	<u>100</u>

Administrative Expenses

Our administrative expenses mainly consisted of (i) employee expenses, (ii) equity-settled share-based transactions, (iii) depreciation and amortization, (iv) professional services, and (v) equipment, office and property management expenses. During the Track Record Period, our employee expenses mainly include the employee salaries paid to administrative staff, which decreased from RMB30.1 million for the year ended December 31, 2023 to RMB21.3 million for the year ended December 2024, primarily due to a reduction in the number of administrative staff in 2024, as part of our efforts to streamline our workforce. Our employee expenses remained relatively stable at RMB15.6 million and RMB16.0 million for the nine months ended September 30, 2024 and 2025, respectively. We also incurred equity-settled share-based transactions in relation to incentive payments given to employees who have contributed to our business advancement. Most of those restricted shares vested in 2024 and costs were reflected during the Track Record Period accordingly.

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The following table sets forth a breakdown of our administrative expenses both in absolute amount and as a percentage of our total administrative expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Employee expenses	30,095	40.9	21,343	31.6	15,615	29.8	16,022	74.1
Equity-settled share-based transactions	31,593	42.9	38,013	56.3	31,498	60.1	—	0.0
Depreciation and amortization	3,334	4.5	4,293	6.4	3,376	6.4	2,677	12.4
Professional services	2,888	3.9	1,072	1.6	722	1.4	742	3.4
Equipment, office and property management expenses	1,899	2.6	842	1.2	602	1.1	1,195	5.5
Credit Impairment Loss	(1,713)	(2.3)	(431)	(0.6)	(426)	(0.8)	124	0.6
Others ⁽¹⁾	5,517	7.5	2,419	3.5	1,001	2.0	874	4.0
Total	73,613	100	67,551	100	52,388	100	21,634	100

Note:

(1) Others mainly include IT-related fees, travelling expenses and entertainment fees.

R&D Expenses

Our R&D expenses mainly consisted of (i) expenses relating to employee, (ii) equity-settled share-based compensation, (iii) depreciation and amortization of servers, equipment, IP and software designated for R&D use and (iv) outsourced development and testing, representing costs incurred for outsourcing chip back-end design and testing to external parties. During the Track Record Period, our employee expenses primarily consist of employee salaries, which generally decreased due to natural attrition and adjusted compensation structure that included more equity compensation. The decrease in our outsourced development and testing expenses primarily reflect the R&D cycle of our new generation SoC products. We had outsourced part of our product development in 2023 leading to higher expenses in 2023.

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The following table sets forth a breakdown of our R&D expenses both in absolute amount and as a percentage of our total R&D expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Employee expenses	96,862	70.9	81,566	58.3	60,582	73.3	52,306	84.3
Equity-settled share-based transactions	5,276	3.9	34,300	24.5	4,013	4.9	(1,360)	(2.2)
Outsourced development and testing expenses	14,772	10.8	1,089	0.8	735	0.9	858	1.4
Service expenses	1,191	0.9	1,218	0.9	188	0.2	—	0.0
Depreciation and amortization	14,945	10.9	17,709	12.7	14,246	17.2	7,673	12.4
Others	3,500	2.6	4,002	2.8	2,888	3.5	2,535	4.1
Total	<u>136,546</u>	<u>100</u>	<u>139,884</u>	<u>100</u>	<u>82,652</u>	<u>100</u>	<u>62,012</u>	<u>100</u>

Finance Costs

Our finance costs primarily consisted of (i) changes in the carrying amount of redemption liabilities, mainly consisted of the ordinary shares with redemption rights issued to investors, (ii) interest on loans and borrowings, representing expenses we incurred in relation to our borrowings, and (iii) interest on lease liabilities, representing expenses we incurred in relation to right-of-use assets. During the Track Record Period, changes in the carrying amount of redemption liabilities were RMB85.6 million, RMB127.6 million, and RMB110.6 million, RMB51.1 million, for the years and periods indicated. Changes in our finance costs primarily reflect the increase in the fair value of the ordinary shares with redemption rights issued to investors and the recognition of interest accrued for the year. The following table sets forth a breakdown of our finance costs in absolute amount for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Changes in the carrying amount of redemption liabilities	85,553	127,634	110,563	51,085
Interest on				
— loans and borrowings	—	917	523	1,638
— lease liabilities	341	212	73	362
Total finance costs	<u>85,894</u>	<u>128,763</u>	<u>111,159</u>	<u>53,085</u>

FINANCIAL INFORMATION

Income Tax Expense

Our income tax expense represents current tax expenses and deferred tax expenses. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded income tax expense of nil, RMB0.03 million, nil and RMB0.02 million, respectively.

Chinese Mainland

Pursuant to the PRC Enterprise Income Tax Law (the “**EIT Law**”) and the respective regulations, our subsidiaries operating in the PRC are subject to enterprise income tax at a rate of 25% on the taxable income, except for those that enjoyed preferential income tax treatments.

According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise on December 14, 2022 and renewed on December 8, 2025 and is subject to income tax rate at 15% during the Track Record Period. The Company’s subsidiary, Shanghai Kuxin Semiconductor Co., Ltd. obtained the certificate of high-technology enterprise on 26 December 2024 and is subject to income tax rate at 15% from January 1, 2024 to December 31, 2026.

Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified R&D costs during the Track Record Period.

Hong Kong SAR

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of our qualifying subsidiaries are taxed at a rate of 8.25%, and profits above HK\$2 million are taxed at a rate of 16.5%. The profits of our subsidiaries that are not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of our qualifying subsidiaries is accrued at a rate of 8.25% on the first HK\$2 million of the estimated assessable profits and at a rate of 16.5% on the estimated assessable profits above HK\$2 million.

FINANCIAL INFORMATION

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased materially from RMB105.1 million in 2023 to RMB448.7 million in 2024. Such growth was primarily driven by an increase in the sales of our SoC products, which in turn was mainly due to the following reasons: (i) the general recovery of the semiconductor market in 2024 following an industry-wide downturn in 2023, (ii) growth in sales in all product segments, in particular in SoC products applied to UAVs and AIoT. In turn, such increase was tied to our relevant product development stage whereby we commenced mass production and volume deliveries for certain UAVs and AIoT products in 2024, and (iii) we commenced sales of products applied to smart wearables in the AR market, which expanded our products’ end application scenarios and our customer base.

Cost of sales

Our cost of sales increased materially from RMB93.4 million in 2023 to RMB304.3 million in 2024. The increase in costs of sales was primarily driven by the increase of the cost of raw materials and processing costs.

Gross profit and gross profit margin

Our total gross profit increased materially from RMB11.7 million in 2023 to RMB144.4 million in 2024, which our total gross profit margin increased from 11.2% in 2023 to 32.2% in 2024. Such increase was primarily due to a substantial increase in revenue derived from the sales of applications across UAVs, AIoT and smart wearables, in particular, the modules sold in our UAVs and AIoT.

Other net income

Our other net income remained relatively stable at RMB5.2 million in 2023 and 2024.

Selling and marketing expenses

Our selling and marketing expenses increased slightly from RMB29.2 million in 2023 to RMB29.7 million in 2024, primarily due to increases in equity-settled share-based transactions in relation to incentive payments given to employees who have contributed to our business advancement, which was partially offset by decreases in marketing expenses as we incurred more marketing expenses in 2023 for the launch of relevant products and lowered depreciation and amortization expenses as the relevant assets depreciated.

Administrative expenses

Our administrative expenses decreased by 8.2% from RMB73.6 million in 2023 to RMB67.6 million in 2024. This decline was mainly a result of lowered employee expenses as we reduced number of administrative staff. Such decrease was partially offset by an increase in equity-settled share-based compensation given to employees who have contributed to our business advancement.

FINANCIAL INFORMATION

R&D expenses

Our R&D expenses increased slightly from RMB136.5 million in 2023 to RMB139.9 million in 2024, primarily attributable to (i) natural attrition and adjustment in compensation structure that include more equity payment and (ii) reduced outsourced development and testing expenses as we completed outsourced development and testing for new generation SoC products in 2023.

Finance costs

Our finance costs increased by 49.9% from RMB85.9 million in 2023 to RMB128.8 million in 2024, primarily due to increase in changes in the carrying amount of redemption liabilities. The growth primarily reflected the increase in the fair value of the ordinary shares with redemption rights issued to investors and the recognition of interest accrued for the year.

Income tax expense

Our income tax expense increased slightly from nil in 2023 to RMB0.03 million in 2024, mainly because our Hong Kong subsidiary recorded a taxable profit in 2024 after reporting losses in 2023.

Profit and total comprehensive income for the year

As a result of the foregoing, we recorded a loss of RMB308.3 million and RMB216.3 million in 2023 and 2024, respectively.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2025

Revenue

Our revenue decreased slightly from RMB343.3 million for the nine months ended September 30, 2024 to RMB341.3 million for the nine months ended September 30, 2025. The decrease was primarily a result of slower sales of UAV — Modules, which in turn was mainly due to (i) our more limited capacity as we switched supplier and elected sales to prioritize to our strategic customer and (ii) clients’ adjusted purchase structure, shifting from modules to chips. Such decrease was partially offset by growth in (i) sales of products for AIoT — Chips and smart wearables — Chips, and (ii) revenue derived from product design services for relevant products applied to smart wearable products.

Cost of sales

Our cost of sales decreased by 19.3% from RMB235.7 million in the nine months ended September 30, 2024 to RMB190.2 million in the nine months ended September 30, 2025. The decrease in our cost of sales was primarily driven by the decrease in raw materials and processing costs, which was a direct result of our slower sales for products applied to UAVs.

FINANCIAL INFORMATION

Gross profit and gross profit margin

Our total gross profit increased by 40.4% from RMB107.6 million in the nine months ended September 30, 2024 to RMB151.1 million in the nine months ended September 30, 2025, while our gross profit margin increased from 31.3% for the nine months ended September 30, 2024 to 44.3% for the nine months ended September 30, 2025. Such changes were primarily due to (i) the improved profitability of our SoC products applied to UAVs, as we reduced sales of module products and shifted toward higher-margin SoC products and (ii) our provision of technology services, including design services for smart wearable products which generally carry higher gross profit margins.

Other net income

Our other net income increased materially from RMB1.0 million in the nine months ended September 30, 2024 to RMB4.0 million in the nine months ended September 30, 2025. The increase in our net income was primarily driven by the increase in the subsidies from government to support the development and growth of the IC industry.

Selling and marketing expenses

Our selling and marketing expenses increased by 10.5% from RMB18.7 million in the nine months ended September 30, 2024 to RMB20.7 million in the nine months ended September 30, 2025, primarily due to the increase in employee expenses relating to customer technical support services, which was partially offset by the decrease of marketing expenses.

Administrative expenses

Our administrative expenses decreased materially from RMB52.4 million for the nine months ended September 30, 2024 to RMB21.6 million for the nine months ended September 30, 2025. Such decrease was mainly due to a reduction in the equity-settled share-based transactions as most of the restricted shares vested in 2024.

R&D expenses

Our R&D expenses decreased by 25.0% from RMB82.7 million in the nine months ended September 30, 2024 to RMB62.0 million in the nine months ended September 30, 2025, primarily due to (i) a decrease in employee expenses as we streamlined our R&D personnel and reassigned some of R&D personnel to technical services functions, (ii) reduced depreciation and amortization costs as we completed the research and development of relevant products. In turn, as such products enter the commercialization stage, the depreciation and amortization costs related to such products are recorded under cost of goods sold, and (iii) less equity-settled share-based transactions incurred in 2025 for the same reasons above.

Finance costs

Our finance costs decreased by 52.2% from RMB111.2 million in the nine months ended September 30, 2024 to RMB53.1 million in the nine months ended September 30, 2025, primarily due to a slower decrease in the carrying amount of redemption liabilities.

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Income tax expense

Our income tax expense increased slightly from nil in the nine months ended September 30, 2024 to RMB0.02 million in the nine months ended September 30, 2025, primarily because our Hong Kong subsidiary achieved a taxable profit in the nine-month period of 2025.

Profit and total comprehensive income for the year

As a result of the foregoing, we recorded a loss of RMB156.2 million and RMB2.3 million in the nine months ended September 30, 2024 and the nine months ended September 30, 2025, respectively.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31, 2023 RMB'000	2024 RMB'000	As of September 30, 2025 RMB'000 (Unaudited)
Non-current assets			
Property, plant and equipment	39,993	52,586	46,729
Right-of-use assets	4,994	11,504	9,826
Intangible assets	31,388	37,564	30,077
Other non-current assets	<u>2,631</u>	<u>1,969</u>	<u>2,027</u>
	<u>79,006</u>	<u>103,623</u>	<u>88,659</u>
Current assets			
Inventories	51,622	69,745	109,364
Trade and other receivables	55,060	62,224	114,348
Cash and cash equivalents	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>
	<u>199,937</u>	<u>281,089</u>	<u>325,549</u>
Current liabilities			
Trade and other payables	65,437	114,693	88,159
Loans and borrowings	—	59,727	70,052
Lease liabilities	5,398	4,064	4,664
Redemption liabilities	<u>1,387,473</u>	<u>1,515,107</u>	<u>1,566,192</u>
	<u>1,458,308</u>	<u>1,693,591</u>	<u>1,729,067</u>
Net current liabilities	<u>(1,258,371)</u>	<u>(1,412,502)</u>	<u>(1,403,518)</u>

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	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(Unaudited)
Total assets less current liabilities	<u>(1,179,365)</u>	<u>(1,308,879)</u>	<u>(1,314,859)</u>
Non-current liabilities			
Lease liabilities	<u>—</u>	<u>7,243</u>	<u>5,434</u>
NET LIABILITIES	<u>(1,179,365)</u>	<u>(1,316,122)</u>	<u>(1,320,293)</u>
Capital and reserves			
Paid-in capital	27,182	27,182	27,182
Reserves	<u>(1,206,547)</u>	<u>(1,343,304)</u>	<u>(1,347,475)</u>
TOTAL DEFICIT	<u>(1,179,365)</u>	<u>(1,316,122)</u>	<u>(1,320,293)</u>

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) equipment and machinery, such as photomasks and emulation system, (ii) office equipment and furniture, (iii) construction in progress, and (iv) leasehold improvements. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(Unaudited)
Equipment and machinery	20,194	48,011	37,067
Office equipment and furniture	168	133	98
Construction in progress	12,383	947	8,148
Leasehold improvements	<u>7,248</u>	<u>3,495</u>	<u>1,416</u>
Total	<u>39,993</u>	<u>52,586</u>	<u>46,729</u>

Our property, plant and equipment increased from RMB40.0 million as of December 31, 2023 to RMB52.6 million as of December 31, 2024, primarily due to the increase in equipment and machinery, reflecting increase in asset relating to the photomasks. Our property, plant and equipment slightly decreased from RMB52.6 million as of December 31, 2024 to RMB46.7 million as of September 30, 2025, primarily due to a decrease in equipment and machinery, which in turn was due to the depreciation incurred associated with the photomasks equipment.

FINANCIAL INFORMATION

Right-of-use Assets

Our right-of-use assets primarily relate to properties leased for own use carried at cost. Our right-of-use assets increased from RMB5.0 million as of December 31, 2023 to RMB11.5 million as of December 31, 2024, primarily due to (i) the renewal of property leases in Shanghai and Chengdu, and (ii) the amortization of leases. Our right-of-use assets decreased from RMB11.5 million as of December 31, 2024 to RMB9.8 million as of the nine months ended September 30, 2025, primarily due to the amortization of leases.

Intangible Assets

Our intangible assets primarily consisted of (i) intellectual properties, including licenses of third-party architectures, (ii) patents, and (iii) software, including office and electronic design automation (“EDA”) software. The following table sets out a breakdown of our intangible assets as of the dates indicated:

	As of December 31, 2023 RMB'000	2024 RMB'000	As of September 30, 2025 RMB'000 (Unaudited)
Intellectual properties	28,343	29,828	23,496
Patents	310	265	526
Software	<u>2,735</u>	<u>7,471</u>	<u>6,055</u>
Total	<u><u>31,388</u></u>	<u><u>37,564</u></u>	<u><u>30,077</u></u>

Our intangible assets increased from RMB31.4 million as of December 31, 2023 to RMB37.6 million as of December 31, 2024, primarily due to the increase of software assets, which in turn was due to our procurement of EDA software and finance software. Our intangible assets decreased from RMB37.6 million as of December 31, 2024 to RMB30.1 million as of the nine months ended September 30, 2025, primarily due to the amortization of the intellectual properties we purchased.

Other Non-current Assets

Our other non-current assets primarily consisted of (i) prepayments for property, plant and equipment, and (ii) rental deposits. Our other non-current assets remained relatively stable at RMB2.6 million as of December 31, 2023, RMB2.0 million as of December 31, 2024, RMB2.0 million as of December 31, 2024 and as of September 30, 2025.

FINANCIAL INFORMATION

Inventories

Our inventories primarily consisted of (i) raw materials, primarily wafers and electronic components, (ii) semi-finished products and work in progress (“WIP”), and (iii) finished products. Our inventories increased from RMB51.6 million as of December 31, 2023 to RMB69.7 million as of December 31, 2024, primarily due to the increase of raw materials of RMB14.9 million and of semi-finished products and WIP of RMB5.9 million, as we increased inventory levels to meet the demands of our growing business. Our inventories further increased from RMB69.7 million as of December 31, 2024 to RMB109.4 million as of the nine months ended September 30, 2025, mainly because of the increase of raw materials of RMB26.6 million, as we have shifted our supply chain and the inventory turnover is prolonged because we are in the engineering stage with such new suppliers.

The table below sets forth our inventories by nature as of the dates indicated.

	At December 31,		At
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			RMB'000
			(Unaudited)
Raw materials	29,119	43,959	70,622
Semi-finished products and WIP ⁽¹⁾	1,178	7,098	14,012
Finished products	21,325	18,688	24,730
Total	51,622	69,745	109,364

Notes:

- (1) Semi-finished products refer to inventory items for which a specific processing step has been completed, but which, in the ordinary course of business, will undergo further processing to be manufactured into other products for sale. They primarily include chips before testing as well as externally purchased modules. WIP refers to products that are still undergoing processing on the production line.

The following table sets forth the analysis of the amount of inventories recognised as an expense and included in profit or loss as at the dates indicated.

	As of December 31,		As of September 30,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Carrying amount of inventories used	78,682	285,238	222,720	181,195
Write-down of inventories	14,342	16,996	11,679	7,831
	<u>93,024</u>	<u>302,234</u>	<u>234,399</u>	<u>189,026</u>

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We fully provide for impairment on inventories aged over two years, and apply the specific identification method to assess and provide for impairment on inventories aged two years or less.

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated.

	At December 31,		At September 30,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(Unaudited)
Within one year	22,599	61,278	97,848
One year to two years	<u>29,023</u>	<u>8,467</u>	<u>11,516</u>
Total	<u><u>51,622</u></u>	<u><u>69,745</u></u>	<u><u>109,364</u></u>

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,		Nine months ended
	2023	2024	September 30, 2025
Inventory turnover days ⁽¹⁾	219	73	127

Notes:

- (1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for a period, divided by the corresponding total cost of sales for the same period, multiplied by the number of days in such period.

Our inventory turnover days decreased from 219 days in 2023 to 73 days in 2024 mainly because in 2023, we accumulated significant inventory to support future production and sales, while in 2024 we achieved a substantial increase in sales. Our inventory turnover days increased from 73 days in 2024 to 127 days in the nine months ended September 30, 2025 primarily due to the increase of raw materials of RMB26.6 million, as we adjusted our supply chain arrangements leading to a temporary build-up of inventory. Such increase in inventory was primarily due to our collaboration with a new supplier as we need to go through the engineering process with it.

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Trade and Other Receivables

Our trade and other receivables primarily arose from (i) trade receivables, net of loss allowance, (ii) prepayments, (iii) Value-Added Tax (“VAT”) recoverable and (iv) other receivables and deposits, net of loss allowance. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			(Unaudited)
Trade receivables, net of loss allowance	12,846	12,898	15,818
Prepayments	42,030	47,867	95,346
Value-Added Tax (“VAT”) recoverable	125	1,389	—
Tax refund receivables	—	—	3,114
Other receivables and deposits, net of loss allowance	59	70	70
Total	55,060	62,224	114,348

Our trade and other receivables remained relatively stable at RMB55.1 million as of December 31, 2023 and RMB62.2 million as of December 31, 2024. Our trade and other receivables increased from RMB62.2 million as of December 31, 2024 to RMB114.3 million as of September 30, 2025, primarily due to the increase of prepayments of RMB47.4 million. The increase in prepayments reflect the payment terms as requested by our new packaging partner.

We require prepayments from most of our customers and provide typical credit terms ranging from one month to three months to strategic customers. The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated based and net of loss allowance.

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			(Unaudited)
Within six months	9,911	12,326	12,734
Over six months but less than one year	2,024	173	2,880
Over one year but less than two years	911	399	204
	12,846	12,898	15,818

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The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,		Nine months ended
	2023	2024	September 30, 2025
Trade receivables turnover days ⁽¹⁾	84	10	11

Notes:

- (1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period.

Our trade receivables turnover days decreased from 84 days in 2023 to 10 days in 2024, primarily due to our requirement for prepayment of most of our new generation SoC products. Our trade receivables turnover days remained stable at 10 days in 2024 and in the nine months ended September 30, 2025.

As of November 30, 2025, RMB7.2 million, or 45.5%, of our trade receivables as of September 30, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash at bank and in hand. Our cash and cash equivalents were RMB93.3 million, RMB149.1 million, and RMB101.8 million as of December 31, 2023, 2024 and as of September 30, 2025, respectively.

	As of December 31,		As of
	2023	2024	September 30, 2025
	RMB'000	RMB'000	RMB'000
			(Unaudited)
Cash at bank and in hand	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>

Trade and Other Payables

Our trade and other payables primarily represented (i) trade payables, (ii) accrued payroll, (iii) tax payables, (iv) other payables and accruals, and (v) governments grants received with conditions. Our trade payables are normally settled on terms of within 30 to 90 days.

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The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			(Unaudited)
Trade payables	18,007	17,250	14,166
Accrued payroll	9,475	8,809	12,818
Tax payables	1,496	2,743	6,094
Other payables and accruals	5,075	3,859	2,196
Governments grants received with conditions	4,050	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	2,545
Contract liabilities	<u>26,514</u>	<u>62,549</u>	<u>35,922</u>
Total	<u><u>65,437</u></u>	<u><u>114,693</u></u>	<u><u>88,159</u></u>

Our trade and other payables increased from RMB65.4 million as of December 31, 2023 to RMB114.7 million as of December 31, 2024, primarily due to (i) the increase of contract liabilities of RMB36.0 million, which is generally in line with our sales growth, (ii) the increase of government grants received with conditions of RMB10.3 million, in relation to the subsidies from government to support the development and growth of the IC industry. Our trade and other payables decreased from RMB114.7 million as of December 31, 2024 to RMB88.2 million as of the nine months ended September 30, 2025, primarily due to (i) the decrease of contract liabilities of RMB26.6 million, as we delivered the goods and fulfilled the contracts, (ii) the decrease of trade payables of RMB3.1 million, mainly due to the settlement of outstanding payables in 2025 in relation to EDA software procured in 2024 under instalment payment arrangements, which resulted in a lower balance of trade payables as of September 30, 2025.

FINANCIAL INFORMATION

The following table sets forth the aging analysis of our trade payables (which are included in trade and other payables) based on the invoice date as of the dates indicated.

	As of December 31,		As of
	2023	2024	September 30,
	RMB'000	RMB'000	2025
			(Unaudited)
Within 1 year	12,153	11,005	8,218
Over 1 year but less than 2 years	1,783	898	1,154
Over 2 years but less than 3 years	3,593	1,286	319
Over 3 years	<u>478</u>	<u>4,061</u>	<u>4,475</u>
	<u>18,007</u>	<u>17,250</u>	<u>14,166</u>

The following table sets forth our trade payables turnover days for the periods indicated.

	As of December 31,		As of
	2023	2024	September 30,
			2025
Trade payables turnover days ⁽¹⁾	69	21	22

Notes:

- (1) We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of revenue for the same period, multiplied by the number of days in such period.

Our trade payables turnover days decreased from 69 days in 2023 to 21 days in 2024, mainly because a material increase in cost of sales in 2024, which in turn, was in line with our business growth. Our trade payables turnover days remained relatively stable at 21 days in 2024 and 22 days in the nine months ended September 30, 2025.

As of November 30, 2025, RMB2.7 million, or 19.1%, of our trade payables as of September 30, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade payables.

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LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,		As of	As of
	2023	2024	September 30, 2025	November 30, 2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Current assets				
Inventories	51,622	69,745	109,364	149,714
Trade and other receivables	55,060	62,224	114,348	102,904
Cash and cash equivalents	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>	<u>45,537</u>
Sub-total	<u>199,937</u>	<u>281,089</u>	<u>325,549</u>	<u>298,155</u>
Current liabilities				
Trade and other payables	65,437	114,693	88,159	88,493
Loans and borrowings	—	59,727	70,052	30,149
Lease liabilities	5,398	4,064	4,664	4,701
Redemption liabilities	<u>1,387,473</u>	<u>1,515,107</u>	<u>1,566,192</u>	<u>1,583,283</u>
Sub-total	<u>1,458,308</u>	<u>1,693,591</u>	<u>1,729,067</u>	<u>1,706,626</u>
Net current liabilities	<u>(1,258,371)</u>	<u>(1,412,502)</u>	<u>(1,403,518)</u>	<u>(1,408,471)</u>

As of November 30, 2025, we had net current liabilities of RMB1,408.5 million, as compared to RMB1,403.5 million as of September 30, 2025, primarily due to (i) an increase of RMB17.1 million in carrying amount of redemption liabilities and (ii) a decrease of RMB56.3 million in cash and cash equivalents, partially offset by (i) an increase of RMB40.4 million of inventories, and (ii) a decrease of RMB39.9 million of loans and borrowings.

As of September 30, 2025, we had net current liabilities of RMB1,403.5 million, as compared to RMB1,412.5 million as of December 31, 2024, primarily due to (i) an increase of RMB51.1 million in the carrying amount of the redemption liabilities, and (ii) a decrease of RMB47.3 million of cash and cash equivalents, partially offset by (i) an increase of RMB39.6 million of inventories and (ii) an increase of RMB52.1 million of trade and other receivables.

As of December 31, 2024, we had net current liabilities of RMB1,412.5 million, as compared to RMB1,258.4 million as of December 31, 2023, primarily due to (i) an increase RMB127.6 million of the carrying amount of the redemption liabilities, (ii) an increase of RMB59.7 million of loans and borrowings, primarily to supplement cash flow in support of operations, and (iii) an increase of RMB49.3 million of trade and other payables. These increases were partially offset by an increase of RMB55.9 million of cash and cash equivalents.

FINANCIAL INFORMATION

Our net current liabilities and net liabilities during the Track Record Period was largely attributable to changes in our redemption liabilities, as it constituted a major component of our current liabilities and net liabilities. As our redemption liabilities are tied to the ordinary shares with redemption rights issued to investors which shall be converted into equity of the Company upon [REDACTED], such item shall not affect our liquidity upon conversion of such shares.

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from operating activities and bank borrowings. As of December 31, 2023, 2024 and the nine months ended September 30, 2025, we had cash and cash equivalents of RMB93.3 million, RMB149.1 million and RMB101.8 million, respectively.

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

	Year ended December 31,		Nine months ended	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Operating activities:				
Cash (used in)/generated from operations	(142,461)	45,453	3,691	(40,457)
Income tax paid	—	—	—	—
Net cash (used in)/generated from operating activities	<u>(142,461)</u>	<u>45,453</u>	<u>3,691</u>	<u>(40,457)</u>
Net cash used in investing activities	<u>(43,105)</u>	<u>(41,659)</u>	<u>(26,022)</u>	<u>(12,433)</u>
Net cash (used in)/generated from financing activities	<u>(6,620)</u>	<u>51,970</u>	<u>33,807</u>	<u>5,534</u>
Net (decrease)/increase in cash and cash equivalents	(192,186)	55,764	11,476	(47,356)
Effect of foreign exchange rate changes	7	101	13	73
Cash and cash equivalents at beginning of the year/period	<u>285,434</u>	<u>93,255</u>	<u>93,255</u>	<u>149,120</u>
Cash and cash equivalents at end of the year/period	<u>93,255</u>	<u>149,120</u>	<u>104,744</u>	<u>101,837</u>

FINANCIAL INFORMATION

Net Cash Generated from/(Used in) Operating Activities

In the nine months ended September 30, 2025, net cash used in operating activities was RMB40.5 million, primarily attributable to our loss before taxation of RMB2.3 million, as adjusted by changes in working capital, which primarily result from (i) an increase in trade and other receivables of RMB52.2 million and (ii) an increase in inventories of RMB47.5 million, partially offset by non-cash and non-operating items, which primarily consisted of (i) finance costs of RMB53.1 million and (ii) depreciation of property, plant and equipment of RMB18.6 million.

In 2024, net cash generated from operating activities was RMB45.5 million, primarily attributable to loss before taxation of RMB216.2 million, as adjusted changes in working capital, which primarily result from (i) an increase in inventories of RMB35.1 million, (ii) increase in trade and other payables of RMB45.0 million and (iii) increase in trade and other receivables of RMB5.9 million, partially offset by non-cash and non-operating items, which primarily consisted of (i) finance costs of RMB128.8 million and (ii) equity-settled share-based transactions of RMB79.5 million.

In 2023, net cash used in operating activities was RMB142.5 million, primarily attributable to loss before taxation of RMB308.3 million, adjusted changes in working capital, which primarily resulted from (i) an increase in inventories of RMB5.6 million and (ii) decrease in other non-current asset of RMB5.3 million partially offset by non-cash and non-operating items, which primarily consisted of (i) finance costs of RMB85.9 million and (ii) equity-settled share-based transactions of RMB38.0 million and (iii) depreciation of property, plant and equipment of RMB24.4 million.

Net Cash Used in Investing Activities

In the nine months ended September 30, 2025, net cash used in investing activities was RMB12.4 million, primarily attributable to (i) payments for the purchase of property, plant and equipment of RMB9.6 million and (ii) payments for the purchase of intangible assets of RMB2.8 million.

In 2024, net cash used in investing activities was RMB41.7 million, primarily attributable to (i) payments for the purchase of property, plant and equipment of RMB31.2 million, (ii) payments for the purchase of intangible assets of RMB10.5 million and (iii) payment for purchase of financial assets measured at fair value through profit or loss (“FVPL”) of RMB10.0 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB10.0 million.

In 2023, net cash used in investing activities was RMB43.1 million, primarily attributable to (i) payment for purchase of financial assets measured at FVPL of RMB700.0 million, (ii) payments for the purchase of property, plant and equipment of RMB26.1 million and (iii) payments for the purchase of intangible assets of RMB19.7 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB702.7 million.

Net Cash Generated from/(Used in) Financing Activities

In the nine months ended September 30, 2025, net cash generated from financing activities was RMB5.5 million, primarily attributable to proceeds from loans and borrowings of RMB80.0 million, partially offset by (i) repayment of loans and borrowings of RMB69.7 million and (ii) rentals paid of RMB3.2 million.

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In 2024, net cash generated from financing activities was RMB52.0 million, primarily attributable to proceeds from loans and borrowings of RMB82.7 million, partially offset by (i) repayment of loans and borrowings of RMB23.0 million and (ii) rentals paid of RMB6.8 million.

In 2023, net cash used in financing activities was RMB6.6 million, primarily attributable to rentals paid of RMB6.6 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Current				
Loans and borrowings	—	59,727	70,052	30,149
Lease liabilities	<u>5,398</u>	<u>4,064</u>	<u>4,664</u>	<u>4,701</u>
Non-current				
Lease liabilities	<u>—</u>	<u>7,243</u>	<u>5,434</u>	<u>4,248</u>
Total	<u><u>5,398</u></u>	<u><u>71,034</u></u>	<u><u>80,150</u></u>	<u><u>39,098</u></u>

Loans and Borrowings

As of December 31, 2023, 2024 and September 30, 2025, we had bank loans of nil, RMB59.7 million, RMB70.0 million, respectively.

The following table sets out our borrowings as of the dates indicated.

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Bank loans	<u>—</u>	<u>59,727</u>	<u>70,052</u>	<u>30,149</u>

Our bank loans represented loans provided by banks with interest rate ranging from 3.45% to 4.35% and 2.70% to 2.90%, guaranteed by the founders, at December 31, 2024 and September 30, 2025.

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The following table sets forth the maturity profile of our borrowings as of the dates indicated based on contractual undiscounted payments.

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Within 1 year or on demand	—	59,727	70,052	30,149

Our Directors confirm that as of the Latest Practicable Date, our outstanding bank borrowings were not subject to any material covenants, undertakings, guarantees, pledges of key assets or other contingent obligations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of covenants, default in payment of bank borrowings or other indebtedness, nor did we encounter any difficulty in obtaining bank borrowings.

Save as disclosed above, as of the Latest Practicable Date, we did not have any outstanding mortgages, charges, debentures, bank overdrafts, loan capital, guarantees or other material contingent liabilities. Our Directors further confirm that there has been no material change in our indebtedness since the Latest Practicable Date and up to the date of this Document.

Lease Liabilities

As of December 31, 2023, 2024, the nine months ended September 30, 2025, we had lease liabilities of RMB5.4 million, RMB11.3 million, RMB10.1 million, respectively.

The following table sets out our lease liabilities as of the dates indicated.

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Current liabilities				
Lease liabilities	5,398	4,064	4,664	4,701
Non-current liabilities				
Lease liabilities	—	7,243	5,434	4,248
Total	5,398	11,307	10,098	8,949

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Our lease liabilities increased from RMB5.4 million as of December 31, 2023 to RMB11.3 million as of December 31, 2024, primarily due to lease renewal for our offices in Shanghai and Chengdu. Our lease liabilities remained relatively stable at RMB11.3 million as of December 31, 2024 and at RMB10.1 million as of September 30, 2025.

The following table sets forth the maturity profile of our lease liabilities as of the dates indicated based on contractual undiscounted payments.

	As of December 31,		As of	As of
	2023	2024	September 30, 2025	November 30, 2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Within 1 year	5,398	4,064	4,664	4,701
After 1 year but within 2 years	—	4,207	4,890	3,491
After 2 years but within 5 years	—	3,036	544	757
	—	7,243	5,434	4,248
Total	5,398	11,307	10,098	8,949

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, our Shareholders provided guarantees for certain of our bank facilities. As of December 31, 2023, 2024 and the nine months ended September 30, 2025, guarantees issued by our Shareholders with respect to our loans and borrowings were nil, RMB59.7 million and RMB70.1 million. As of the Latest Practicable Date, the guarantees issued by our Shareholders amounted to RMB30.1 million. All such guarantees provided by our Shareholders will be fully discharged. We also provided compensation to our key management personnel in the ordinary course of our business. For more details about our related party transactions, see Note 26 to the Accountants' Report in Appendix I to this document.

Our Directors believe that each of the related party transactions set out in Note 26 to the Accountants' Report in Appendix I to this document was conducted on an arm's length basis and would not distort our track record results or make our historical results not reflective of our future performance.

For details about our related party transactions during the Track Record Period, see Note 26 to the Accountant's Report in Appendix I to this Document.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

	As of/for the years ended		As of/for the nine months ended
	December 31,	2024	September 30,
	2023		2025
Gross profit margin ⁽¹⁾	11.2%	32.2%	44.3%
Current ratio ⁽²⁾	0.14	0.17	0.19
Current ratio (with redemption liabilities removed from current liabilities) ⁽³⁾	2.82	1.57	2.00

Notes:

- (1) Represents gross profit for the period divided by revenue for the same period, expressed as a percentage.
- (2) Current ratio is calculated based on the current assets divided by current liabilities.
- (3) Current ratio is calculated based on the current assets divided by current liabilities (with redemption liabilities removed from current liabilities).

Gross Profit Margin

In 2023, 2024 and the nine months ended September 30, 2025, our gross profit margin was 11.2%, 32.2% and 44.3%, respectively. See “— Key Components of Our Consolidated Statement of Profit or Loss” in this section for factors affecting our gross profit margin during the respective periods.

Current ratio

Our current ratio increased from 0.14 as of December 31, 2023 to 0.17 as of December 31, 2024 mainly because of the increase in cash and cash equivalents and also due to increases in our inventories and trade and other receivables as a result of our business expansion. In turn, the aforementioned increases were in line with our business growth in 2024. Our current ratio further increased to 0.19 as of September 30, 2025 mainly because of increases in inventories and trade and other receivables, which in turn, was a result of the increase in prepayments that reflect the payment terms as requested by our new packaging partner.

Current ratio (with redemption liabilities removed from current liabilities)

Our current ratio with redemption liabilities removed from current liabilities decreased from 2.82 as of December 31, 2023 to 1.57 as of December 31, 2024. This decline was mainly due to an increase in trade and other payables, as well as loans and borrowings, which primarily consist of bank loans. Our current ratio then increased to 2.00 as of September 30, 2025, primarily due to a decrease in trade and other payables.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of the purchase of property, plant and equipment and intangible assets for the purpose of expanding our operations. Our capital expenditures were RMB45.8 million, RMB41.7 million, and RMB12.4 million for the year ended December 31, 2023, 2024 and for the nine months ended September 30, 2025, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See “Future Plans and [REDACTED] – [REDACTED]” in this Document. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities and [REDACTED] from the [REDACTED].

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including market risks (such as currency risk and interest rate risk), credit risk and liquidity risk. See Note 25 to the Accountants’ Report in Appendix I to this Document for a detailed description of our financial risk management.

Market Risks

Currency Risk

Our Group is exposed to currency risk primarily through purchases and sales which give rise to payables, receivables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars. For further details, see Note 25(d) of the Accountants’ Report in Appendix I to this Document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group’s interest rate risk arises primarily from cash at bank. Our Group’s interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 30 September 2025 primarily are the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant. For further details, see Note 25(c) of the Accountants’ Report in Appendix I to this Document.

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Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our Group’s credit risk is primarily attributable to trade and other receivables. Our Group’s exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which our Group considers to have low credit risk.

Liquidity Risk

Our Group’s policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For further details, see Note 25(b) of the Accountants’ Report in Appendix I to this Document.

DIVIDENDS

During the Track Record Period, we did not declare any dividends or had a formal dividend policy or a fixed dividend payout ratio. After completion of the [REDACTED], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See “Risk Factors – Risks Relating to the [REDACTED] – We cannot ensure whether, when, or in what amount we will pay dividends in the future” in this Document.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we did not have any distributable reserves.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our net operating cash flow, cash and cash equivalents on hand and loan and credit facilities and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this Document.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Company did not have any material defaults on trade or non-trade payables, any defaults on borrowings, or any breaches of covenants.

The Directors also note that the Company recorded net current liabilities during certain periods of the Track Record Period, which were primarily attributable to increases in redemption liabilities, changes in loans and borrowings, and movements in working capital items, including cash and cash equivalents, inventories and trade and other receivables and payables. Such net current liabilities did not materially affect the Group’s liquidity position.

[REDACTED] EXPENSE

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] stated in this Document), the [REDACTED], [REDACTED], together with the [REDACTED], SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us are estimated to be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]), of which RMB[REDACTED] are expected to be charged to our consolidated statements of comprehensive income and RMB[REDACTED] are expected to be deducted from equity following the [REDACTED]. The [REDACTED] expenses consist of [REDACTED] [REDACTED] expenses and RMB[REDACTED] [REDACTED] expenses (including fees and expenses of legal advisors and the reporting accountants of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]), representing approximately [REDACTED] of our [REDACTED] from the [REDACTED]. The [REDACTED] above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Part A of Appendix II to this Document for the unaudited [REDACTED] statement of adjusted net tangible assets of our Group, which is set out therein to illustrate the effect of the [REDACTED] on the consolidated net tangible liabilities attributable to equity shareholders of the Company as at September 30, 2025 as if the [REDACTED] had taken place on September 30, 2025.

RECENT DEVELOPMENT

See “Summary – Recent Development” in this Document for further details of the recent developments of our business, operations, financial performance and financial positions.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Summary – Recent Developments," our Directors confirm that, since September 30, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this Document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business – Our Strategies” in this Document for a detailed description of our future plans.

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per H Share) and the [REDACTED] is not exercised, we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED]. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used to further upgrade our SoC product portfolio. We plan to develop products with enhanced performance, greater efficiency, and stronger competitiveness, based on our existing and market-validated product. We intend to apply [REDACTED] to recruit R&D personnel (including experts in AI algorithms, AI chips and visual AI), third-party engineering costs (such as tape-out and packaging and testing services) and hardware and software procurement, in particular:
 - (i) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to the R&D of visual processing AI SoC products, primarily intended for smart wearables such as AR/AI glasses and other power-efficient camera-based applications. This will support the development and advancement of visual processing AI SoC products, including R&D of proprietary NPU, ISP and display-related IP, as well as chip tape-out, packaging and testing activities.
 - (ii) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to the R&D of our AI application processors, which is intended to deliver enhanced on-device AI inference capabilities for edge applications. Such AI application processor are designed to support efficient execution of both traditional convolutional neural network (CNN) models and large-scale AI models with improved energy efficiency. This will support the development of our proprietary large-model-oriented NPU IP, as well as the customization of memory devices such as DRAM.
 - (iii) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to the R&D of our wireless video transmission SoC products, which are primarily to be applied to UAVs and AIoT. Such products are designed to enhance wireless transmission performance, with a view to materially extending transmission range and improving link stability. This will support the design and verification of wireless baseband and SoC architectures, as well as engineering and manufacturing-related activities such as SoC tape-out, packaging and testing.

FUTURE PLANS AND [REDACTED]

- (iv) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to advance research in key frontier technologies, including next-generation in-memory computing AI SoC architectures. Such research is aimed at exploring architectural- and circuit-level optimization approaches to improve energy efficiency of AI processing. This will support the R&D of NPU based on next-generation in-memory computing architectures.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be applied to support product applications in our targeted usage scenario, including consumer and industrial UAVs, AIoT applications including cameras as well as consumers and industrial robotics, and smart wearables devices such as AR/AI glasses and smartwatches. Through targeted market investment and technical adaptation, we strive to strengthen the implementation capabilities of our products in end-user scenarios. Moreover, we plan to focus on expanding business development and technical support teams to penetrate into different industrial sectors and product areas. Specifically:
 - (i) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to support the expansion of our smart wearable product line. Building on our successful experience in AR/AI glasses, we plan to further expand our presence across smart wearable applications, including smartwatches. The relevant [REDACTED] will be primarily used to develop core reference designs centered on our AI SoCs, enabling integrated solutions covering power management, wireless connectivity and memory, as well as to expand the scale of our technical support teams to better serve industry leading customers and respond to the rapid market growth.
 - (ii) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to support the expansion of our UAV product applications. Building on our market position in the mid-to-high-end consumer market, we strive to enhance our market presence in the industrial and enterprise-grade sectors applied to the low-altitude economy. In addition, we aim to expand coverage across consumer UAVs, industrial UAVs and FPV drones, and to provide integrated allocation solutions including cameras, video transmission modules and FPV goggles. This allocation will support the development of allocation solutions based on our existing products and solutions, as well as the selective expansion of our technical support teams to better support customer deployment and allocation integration.
 - (iii) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to support the expansion of our AIoT product applications. Moreover, we aim to further expand our presence in the AIoT market across a range of allocation scenarios, including wireless security solutions, thumb-sized cameras, handheld gimbal cameras, as well as consumer and industrial robotics. This allocation will support the development of allocation reference designs based on our existing products and solutions, as well as to expand the scale of our solution development and technical support teams to facilitate product deployment and customer adoption.

FUTURE PLANS AND [REDACTED]

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be applied for investment and acquisition activities. Building on our existing product lines and core application areas, we intend to invest in chip companies with proprietary core technologies and established products that demonstrate market traction, operational and financial soundness, and the potential to generate synergistic effects with our business. In assessing potential targets, we place particular emphasis on technological and product complementarity, as well as the ability to leverage our existing platforms, supply chain and go-to-market capabilities to support near-term collaboration and value creation. Through such investments, we seek to strengthen our technological capabilities, expand our solution offerings and create long-term strategic value.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED], the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

The additional [REDACTED] that we would receive if the [REDACTED] is exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED]), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED]) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED]).

To the extent that the [REDACTED] from the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we may only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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The Sole Sponsor’s Independence

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-4 to I-58, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEFEI KUXIN MICROELECTRONICS CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Hefei Kuxin Microelectronics Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-58, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023 and 2024 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-58 forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] of the Company dated [●] (the “[REDACTED]”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that

APPENDIX I

ACCOUNTANTS’ REPORT

gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2023 and 2024, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended 30 September 2024 and 2025 and other explanatory information (the “**Interim Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 24(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

[Date]

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ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Nine months ended 30 September	
	Note	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	(Unaudited)
Revenue	4	105,081	448,697	343,349	341,297
Cost of sales		<u>(93,363)</u>	<u>(304,266)</u>	<u>(235,717)</u>	<u>(190,189)</u>
Gross profit		11,718	144,431	107,632	151,108
Other net income	5	5,234	5,180	1,027	4,020
Selling and marketing costs		(29,172)	(29,662)	(18,686)	(20,657)
Administrative expenses		(73,613)	(67,551)	(52,388)	(21,634)
Research and development costs		<u>(136,546)</u>	<u>(139,884)</u>	<u>(82,652)</u>	<u>(62,012)</u>
(Loss)/profit from operations		<u>(222,379)</u>	<u>(87,486)</u>	<u>(45,067)</u>	<u>50,825</u>
Changes in the carrying amount of redemption liabilities	22	(85,553)	(127,634)	(110,563)	(51,085)
Other finance costs		<u>(341)</u>	<u>(1,129)</u>	<u>(596)</u>	<u>(2,000)</u>
Finance costs	6(a)	<u>(85,894)</u>	<u>(128,763)</u>	<u>(111,159)</u>	<u>(53,085)</u>
Loss before taxation	6	(308,273)	(216,249)	(156,226)	(2,260)
Income tax	7(a)	<u>—</u>	<u>(32)</u>	<u>—</u>	<u>(17)</u>
Loss for the year/period		<u><u>(308,273)</u></u>	<u><u>(216,281)</u></u>	<u><u>(156,226)</u></u>	<u><u>(2,277)</u></u>
Loss per share					
Basic and Diluted (RMB)	10	<u><u>(11.40)</u></u>	<u><u>(7.96)</u></u>	<u><u>(5.75)</u></u>	<u><u>(0.08)</u></u>

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ACCOUNTANTS’ REPORT

	Year ended 31 December		Nine months ended 30 September	
Note	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Loss for the year/period	<u>(308,273)</u>	<u>(216,281)</u>	<u>(156,226)</u>	<u>(2,277)</u>
Other comprehensive income for the year/period				
Item that is or may be reclassified subsequently to profit or loss:				
Exchange differences on translation of:				
— financial statements of an overseas subsidiary	<u>7</u>	<u>29</u>	<u>(1)</u>	<u>(47)</u>
Total comprehensive income for the year/period	<u><u>(308,266)</u></u>	<u><u>(216,252)</u></u>	<u><u>(156,227)</u></u>	<u><u>(2,324)</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		At
	Note	2023	2024	30 September
		RMB'000	RMB'000	2025
				(Unaudited)
Non-current assets				
Property, plant and equipment	11	39,993	52,586	46,729
Right-of-use assets	12	4,994	11,504	9,826
Intangible assets	13	31,388	37,564	30,077
Other non-current assets	14	<u>2,631</u>	<u>1,969</u>	<u>2,027</u>
		<u>79,006</u>	<u>103,623</u>	<u>88,659</u>
Current assets				
Inventories	16	51,622	69,745	109,364
Trade and other receivables	17	55,060	62,224	114,348
Cash and cash equivalents	18(a)	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>
		<u>199,937</u>	<u>281,089</u>	<u>325,549</u>
Current liabilities				
Trade and other payables	19	65,437	114,693	88,159
Loans and borrowings	20	—	59,727	70,052
Lease liabilities	21	5,398	4,064	4,664
Redemption liabilities	22	<u>1,387,473</u>	<u>1,515,107</u>	<u>1,566,192</u>
		<u>1,458,308</u>	<u>1,693,591</u>	<u>1,729,067</u>
Net current liabilities		<u>(1,258,371)</u>	<u>(1,412,502)</u>	<u>(1,403,518)</u>
Total assets less current liabilities		<u>(1,179,365)</u>	<u>(1,308,879)</u>	<u>(1,314,859)</u>
Non-current liabilities				
Lease liabilities	21	<u>—</u>	<u>7,243</u>	<u>5,434</u>
NET LIABILITIES		<u>(1,179,365)</u>	<u>(1,316,122)</u>	<u>(1,320,293)</u>
Capital and reserves				
Paid-in capital	24(c)	27,182	27,182	27,182
Reserves	24(d)	<u>(1,206,547)</u>	<u>(1,343,304)</u>	<u>(1,347,475)</u>
TOTAL DEFICIT		<u>(1,179,365)</u>	<u>(1,316,122)</u>	<u>(1,320,293)</u>

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		At
	Note	2023	2024	30 September
		RMB’000	RMB’000	2025
				RMB’000
Non-current assets				
Property, plant and equipment		39,993	52,579	46,724
Right-of-use assets		4,814	10,607	9,174
Intangible assets		31,388	37,564	30,077
Investments in subsidiaries	15	11,072	11,072	11,072
Other non-current assets		<u>2,631</u>	<u>1,838</u>	<u>1,897</u>
		<u>89,898</u>	<u>113,660</u>	<u>98,944</u>
Current assets				
Inventories		49,220	65,003	109,364
Trade and other receivables	17	192,239	119,384	295,868
Cash and cash equivalents	18(a)	<u>87,672</u>	<u>134,718</u>	<u>29,560</u>
		<u>329,131</u>	<u>319,105</u>	<u>434,792</u>
Current liabilities				
Trade and other payables	19	150,295	119,736	108,910
Loans and borrowings	20	—	30,033	70,052
Lease liabilities		5,205	3,749	4,338
Redemption liabilities	22	<u>1,387,473</u>	<u>1,515,107</u>	<u>1,566,192</u>
		<u>1,542,973</u>	<u>1,668,625</u>	<u>1,749,492</u>
Net current liabilities		<u>(1,213,842)</u>	<u>(1,349,520)</u>	<u>(1,314,700)</u>
Total assets less current liabilities		<u>(1,123,944)</u>	<u>(1,235,860)</u>	<u>(1,215,756)</u>
Non-current liabilities				
Lease liabilities		<u>—</u>	<u>6,675</u>	<u>5,092</u>
NET LIABILITIES		<u>(1,123,944)</u>	<u>(1,242,535)</u>	<u>(1,220,848)</u>
Capital and reserves				
Paid-in capital	24(c)	27,182	27,182	27,182
Reserves	24(d)	<u>(1,151,126)</u>	<u>(1,269,717)</u>	<u>(1,248,030)</u>
TOTAL DEFICIT		<u>(1,123,944)</u>	<u>(1,242,535)</u>	<u>(1,220,848)</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Paid-in	Capital	Exchange	PRC statutory	Accumulated	Total
		capital	reserve	reserve	reserves	losses	deficit
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 24(c))	(Note 24(d))	(Note 24(d))	(Note 24(d))		
Balance at 1 January 2023		25,932	27,904	(3)	3,923	(966,809)	(909,053)
Loss for the year		—	—	—	—	(308,273)	(308,273)
Other comprehensive income		—	—	7	—	—	7
Total comprehensive income for the year		—	—	7	—	(308,273)	(308,266)
Capital injections from investors		1,250	133,750	—	—	—	135,000
Grant of redemption rights upon issuance of registered capital	22	—	(135,000)	—	—	—	(135,000)
Equity-settled share-based transactions	23	—	37,954	—	—	—	37,954
Balance at 31 December 2023 and 1 January 2024		27,182	64,608	4	3,923	(1,275,082)	(1,179,365)
Loss for the year		—	—	—	—	(216,281)	(216,281)
Other comprehensive income		—	—	29	—	—	29
Total comprehensive income for the year		—	—	29	—	(216,281)	(216,252)
Equity-settled share-based transactions	23	—	79,495	—	—	—	79,495
Balance at 31 December 2024		27,182	144,103	33	3,923	(1,491,363)	(1,316,122)

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ACCOUNTANTS’ REPORT

				PRC		
	Paid-in	Capital	Exchange	statutory	Accumulated	Total
	capital	reserve	reserve	reserves	losses	deficit
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 24(c))	(Note 24(d))	(Note 24(d))	(Note 24(d))		
Unaudited:						
Balance at 1 January 2024	27,182	64,608	4	3,923	(1,275,082)	(1,179,365)
Loss for the period	—	—	—	—	(156,226)	(156,226)
Other comprehensive income	—	—	(1)	—	—	(1)
Total comprehensive income for the period	—	—	(1)	—	(156,226)	(156,227)
Equity-settled share-based transactions	23	36,371	—	—	—	36,371
Balance at 30 September 2024 (unaudited)	<u>27,182</u>	<u>100,979</u>	<u>3</u>	<u>3,923</u>	<u>(1,431,308)</u>	<u>(1,299,221)</u>
Unaudited:						
Balance at 1 January 2025	27,182	144,103	33	3,923	(1,491,363)	(1,316,122)
Loss for the period	—	—	—	—	(2,277)	(2,277)
Other comprehensive income	—	—	(47)	—	—	(47)
Total comprehensive income for the period	—	—	(47)	—	(2,277)	(2,324)
Equity-settled share-based transactions	23	(1,847)	—	—	—	(1,847)
Balance at 30 September 2025 (unaudited)	<u>27,182</u>	<u>142,256</u>	<u>(14)</u>	<u>3,923</u>	<u>(1,493,640)</u>	<u>(1,320,293)</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Nine months ended 30 September	
	Note	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
Operating activities:					
Cash (used in)/generated from operations	18(b)	(142,461)	45,453	3,691	(40,457)
Income tax paid		—	—	—	—
Net cash (used in)/generated from operating activities		<u>(142,461)</u>	<u>45,453</u>	<u>3,691</u>	<u>(40,457)</u>
Investing activities:					
Payments for the purchase of property, plant and equipment		(26,112)	(31,240)	(24,059)	(9,648)
Payments for the purchase of intangible assets		(19,732)	(10,457)	(2,001)	(2,786)
Payment for purchase of financial assets measured at fair value through profit or loss (“FVPL”)	25(e)	(700,000)	(10,000)	(10,000)	—
Proceeds from disposal of property, plant and equipment		25	—	—	1
Proceeds from disposal of financial assets measured at FVPL	25(e)	<u>702,714</u>	<u>10,038</u>	<u>10,038</u>	<u>—</u>
Net cash used in investing activities		<u>(43,105)</u>	<u>(41,659)</u>	<u>(26,022)</u>	<u>(12,433)</u>
Financing activities:					
Proceeds from loans and borrowings	18(c)	—	82,663	62,663	80,000
Repayment of loans and borrowings	18(c)	—	(23,000)	(23,000)	(69,663)
Interest of loans and borrowings paid	18(c)	—	(853)	(490)	(1,650)
Capital element of lease rentals paid	18(c)	(6,279)	(6,628)	(5,293)	(2,791)
Interest element of lease rentals paid	18(c)	<u>(341)</u>	<u>(212)</u>	<u>(73)</u>	<u>(362)</u>
Net cash (used in)/generated from financing activities		<u>(6,620)</u>	<u>51,970</u>	<u>33,807</u>	<u>5,534</u>
Net (decrease)/increase in cash and cash equivalents		(192,186)	55,764	11,476	(47,356)
Effect of foreign exchange rate changes		7	101	13	73
Cash and cash equivalents at beginning of the year/period	18(a)	<u>285,434</u>	<u>93,255</u>	<u>93,255</u>	<u>149,120</u>
Cash and cash equivalents at end of the year/period	18(a)	<u>93,255</u>	<u>149,120</u>	<u>104,744</u>	<u>101,837</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Hefei Kuxin Microelectronics Co., Ltd.* (the “**Company**”) (合肥酷芯微電子股份有限公司), formerly known as Shanghai Kuxin Microelectronics Co., Ltd.* (上海酷芯微電子有限公司) was established in the People’s Republic of China (the “**PRC**”) in July 2011 as a limited liability company under the laws of the PRC and was converted into a joint stock limited liability company in December 2025.

The Company and its subsidiaries (together, “**the Group**”) are principally engaged in design, research and development and sales of System-on-a-Chip (“**SoC**”) products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “**PRC GAAP**”) and audited by Shanghai Zhongchuang Haijia Certified Public Accountants* (上海中創海佳會計師事務所).

As the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Directly held by the Company	Indirectly held by the Company		
Kuxin Microelectronics (Hongkong) Limited	Hong Kong/ 21/09/2017	USD50,000/USD10,000	100.00%	—	Sales of chip products	2023 and 2024: ALAN P.Y. Cheung & Co. *張秉佑會計師事務所
Nanjing Kuxin Microelectronics Co., Ltd.* 南京酷芯微電子有限公司(i)	the PRC/ 22/08/2022	RMB1,000,000/ Nil	100.00%	—	No substantial business activities	N/A
Shanghai Kuxin Intelligent Technology Co., Ltd. *上海酷芯智能科技 有限公司(i)	the PRC/ 06/09/2019	RMB1,000,000/ RMB1,000,000	100.00%	—	Research and development and sales of chip products	N/A
Shanghai Kuxin Semiconductor Co., Ltd. *上海酷芯半導體有限公司	the PRC/ 20/09/2022	RMB10,000,000/ RMB10,000,000	100.00%	—	Research and development and sales of chip products	2023 and 2024: Shanghai Haixin Certified Public Accountants *上海昊鑫會計師事務所
Chengdu Kuxin Microelectronics Co., Ltd. *成都酷芯微電子 有限公司(i)	the PRC/ 29/12/2023	RMB1,000,000/ Nil	100.00%	—	No substantial business activities	N/A

Note:

(i) No audited financial statements for the years ended 31 December 2023 and 2024 have been prepared.

* *The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.*

All companies comprising the Group have adopted 31 December as their financial year end date.

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The Historical Financial Information and Interim Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net current liabilities of RMB1,403,518,000 as at 30 September 2025, which is primarily caused by the redemption liabilities totalling RMB1,566,192,000 as at 30 September 2025, which were classified as current financial liabilities (see Note 22). The related redemption options have been conditionally terminated before the submission of [REDACTED] to the Hong Kong Stock Exchange (“HKSE”). Upon the qualified [REDACTED] of the Company’s shares on the HKSE, the related redemption options would be unconditionally terminated and the redemption liabilities would be converted into equity. Taking the above into consideration, and together with the Group’s cash flow forecast for the next twelve months from the date of this report, the directors of the Company are of the opinion that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from the date of this report. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period and the period covered by the Interim Financial Information, except for any new standards or interpretations that are not yet effective for Track Record Period and the period covered by the Interim Financial Information. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period and the period covered by the Interim Financial Information are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Interim Financial Information are presented Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except the financial assets and liabilities measured at FVPL, the financial assets measured at FVOCI are stated at their fair values as explained in Note 2(d).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

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(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m), 2(n) or 2(o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments in securities

The group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 25(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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- Fair value through other comprehensive income (“FVOCI”) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- Fair value through profit or loss (“FVPL”) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) *Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period and the period covered by the Interim Financial Information are as follows:

— Equipment and machinery	3–4 years
— Office equipment and furniture	3–5 years
— Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(h)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

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(f) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other Intangible assets, including software, intellectual properties and patents, that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(h)(ii)).

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period and the period covered by the Interim Financial Information are as follows:

Software	3–10 years
Intellectual properties	4–7 years
Patents	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

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Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on:

- financial assets measured at amortised cost (including cash and cash equivalents, time deposits and trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

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Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories and other contract costs

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(e)) or intangible assets (see Note 2(f)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

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Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered.

Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(s)(i)).

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Redemption liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) that the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liabilities is reclassified to equity upon a termination of the counterparty's redemption right.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

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(p) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) *Share-based payments*

The difference between the subscription price and the fair value of the awarded shares granted to employees is recognised as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the share awards is the difference between the subscription price paid by the employees and the fair value of the ordinary shares at grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total difference between the subscription price and the fair value of the ordinary shares is spread over the vesting period, taking into account the probability that the share awards will be vested.

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income (“OCI”).

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- taxable temporary differences arising on the initial recognition of goodwill; and
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Revenue from contracts with customers*

The Group principally generates revenue from sales of SoC products. The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determine whether the Group acts as principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue from sales of the Group's products is recognised when the customer takes possession of and accepts the products. Revenue of services is recognised when the customer accepts the service results.

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(ii) *Interest income*

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

(t) *Translation of foreign currencies*

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) *Related parties*

(a) A person, or a close member of that person’s family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Source of estimation uncertainty

The significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(ii) *Useful life of intangible assets and property, plant and equipment*

Intangible assets are amortised and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

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4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business line is set out below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major business line				
SoC products	100,408	434,898	333,269	312,708
Technology services	4,673	13,799	10,080	28,589
	<u>105,081</u>	<u>448,697</u>	<u>343,349</u>	<u>341,297</u>

Disaggregation of the Group’s revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Point-in-time	<u>105,081</u>	<u>448,697</u>	<u>343,349</u>	<u>341,297</u>

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

(b) Segment reporting

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group’s chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of chip products during the Track Record Period and the period covered by the Interim Financial Information.

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(i) Geographic information

The following table sets out information about the geographical location of the Group’s revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in Chinese Mainland. The geographical location of customers is based on the location at which the products were sold.

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Chinese Mainland	105,081	431,190	339,828	310,094
Overseas	—	17,507	3,521	31,203
	<u>105,081</u>	<u>448,697</u>	<u>343,349</u>	<u>341,297</u>

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group’s revenue during the Track Record Period and the period covered by the Interim Financial Information is set out below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Customer A	53,465	131,026	115,514	85,575
Customer B	N/A*	106,798	106,308	N/A*
Customer C	N/A*	48,433	42,477	N/A*

* Less than 10% of the Group’s revenue in the respective period.

5 OTHER NET INCOME

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Interest income	2,431	446	357	427
Net gain/(loss) on disposal of property, plant and equipment	7	—	—	(2)
Government grants (Note)	285	4,351	477	3,516
Net foreign exchange (loss)/gain	(33)	191	37	82
Net gain from financial assets measured at FVPL	2,714	38	38	—
Others	<u>(170)</u>	<u>154</u>	<u>118</u>	<u>(3)</u>
	<u>5,234</u>	<u>5,180</u>	<u>1,027</u>	<u>4,020</u>

Note: Government grants represent various unconditional subsidies granted to the Group by the local government authorities.

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6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs:

		Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	(Unaudited)
Changes in the carrying amount of redemption liabilities	22	85,553	127,634	110,563	51,085
Interest on					
— loans and borrowings	18(c)	—	917	523	1,638
— lease liabilities	18(c)	341	212	73	362
Total finance costs		<u>85,894</u>	<u>128,763</u>	<u>111,159</u>	<u>53,085</u>

(b) Staff costs:

		Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	(Unaudited)
Salaries, wages and other benefits		142,054	124,538	93,225	87,227
Contributions to defined contribution retirement plans (i)		11,511	11,042	8,200	7,512
Equity-settled share-based payment expenses		<u>37,954</u>	<u>79,495</u>	<u>36,371</u>	<u>(1,847)</u>
		<u>191,519</u>	<u>215,075</u>	<u>137,796</u>	<u>92,892</u>

(i) Defined contribution retirement plans

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

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(c) Other items:

		Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	(Unaudited)
Cost of inventories sold	16(b)	93,024	302,234	234,399	189,026
Depreciation:					
— owned property, plant and equipment	11	18,443	18,001	12,935	15,296
— right-of-use assets	12	5,909	6,053	4,747	3,260
Research and development expenses (i)		136,546	139,884	82,652	62,012
Amortisation of intangible assets	13	7,146	9,172	6,765	7,959
(Reversal)/provision of Impairment loss on trade receivables		(1,714)	(1,053)	(426)	124
Auditors’ remuneration		18	18	14	14

- (i) During the years ended 31 December 2023, 2024 and the nine months ended 30 September 2024 and 2025, research and development expenses include staff costs of RMB102,138,000, RMB115,866,000, RMB64,595,000 (unaudited) and RMB50,946,000 (unaudited), respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Current tax:				
Provision for income tax for the year	—	32	—	17
Deferred tax:				
Origination and reversal of temporary differences	—	—	—	—
	—	32	—	17

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(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Loss before taxation	(308,273)	(216,249)	(156,226)	(2,260)
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	(77,104)	(54,118)	(39,065)	(605)
Effect of preferential tax rate (ii)	28,904	20,734	15,018	68
Effect of additional deduction on research and development expenses (iii)	(16,879)	(16,999)	(10,574)	(8,517)
Tax effect of non-deductible expenses	18,576	31,107	22,070	7,775
Effect of deferred tax assets in respect of tax losses and temporary differences not recognised	46,503	19,308	12,551	5,833
Utilisation of tax losses for which no deferred tax asset was recognised in previous periods	—	—	—	(4,537)
Actual tax expense	—	32	—	17

- (i) Pursuant to the Enterprise Income Tax (the “EIT”) Law of the PRC (the “EIT Law”), the Company and its subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No.3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to the Company’s subsidiary Kuxin Microelectronics (Hongkong) Limited, incorporated in Hong Kong. Under the two-tiered Profits tax rates regime, the first HK\$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%.

- (ii) According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise on 14 December 2022 and renewed on 8 December 2025 and is subject to income tax rate at 15% during the Track Record Period and the period covered by the Interim Financial Information. The Company’s subsidiary, Shanghai Kuxin Semiconductor Co., Ltd. obtained the certificate of high-technology enterprise on 26 December 2024 and is subject to income tax rate at 15% from 1 January 2024 to 31 December 2026.
- (iii) Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period and the period covered by the Interim Financial Information.

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in Note 2(q), as at 31 December 2023, 2024 and the nine months ended 30 September 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB912,837,000, RMB1,020,071,000 and RMB1,019,094,000 (unaudited) and temporary differences of RMB32,601,000, RMB47,945,000 and RMB56,368,000 (unaudited) respectively as they have been loss-making for years and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised. The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

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8 DIRECTORS’ AND SUPERVISOR’S EMOLUMENTS

Directors’ and supervisor’s emoluments disclosed as follows:

Year ended 31 December 2023

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	Sub-Total RMB’000	Equity-settled share-based payments (i) RMB’000	Total RMB’000
Executive directors							
Yao Haiping (姚海平)	—	1,057	445	68	1,570	—	1,570
Zhong Qi (鍾琪)	—	1,304	143	68	1,515	—	1,515
Xu Wei (許維)	—	1,179	85	68	1,332	30,687	32,019
Li Zheng (李鐸)	—	1,202	171	68	1,441	—	1,441
Shen Sha (沈沙)	—	1,118	117	68	1,303	25	1,328
Jiang Feng (江峰)	—	1,065	86	68	1,219	310	1,529
Non-executive directors							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Gao Bingqiang (高秉強) (a)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰) (b)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青)	—	437	29	54	520	49	569
	—	7,362	1,076	462	8,900	31,071	39,971

Year ended 31 December 2024

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	Sub-Total RMB’000	Equity-settled share-based payments (i) RMB’000	Total RMB’000
Executive directors							
Yao Haiping (姚海平)	—	1,261	100	71	1,432	—	1,432
Zhong Qi (鍾琪)	—	1,300	100	71	1,471	—	1,471
Xu Wei (許維)	—	1,176	90	71	1,337	30,073	31,410
Li Zheng (李鐸)	—	1,314	92	71	1,477	—	1,477
Shen Sha (沈沙)	—	1,119	85	71	1,275	171	1,446
Jiang Feng (江峰) (c)	—	579	52	53	684	2,178	2,862
Liu Hongming (劉洪明) (d)	—	435	29	24	488	1,074	1,562
Non-executive directors							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青)	—	439	30	58	527	951	1,478
	—	7,623	578	490	8,691	34,447	43,138

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Nine months ended 30 September 2024 (unaudited)

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	Sub-Total RMB’000	Equity-settled share-based payments (i) RMB’000	Total RMB’000
Executive directors							
Yao Haiping (姚海平)	—	940	71	53	1,064	—	1,064
Zhong Qi (鍾琪)	—	982	70	53	1,105	—	1,105
Xu Wei (許維)	—	886	64	53	1,003	30,073	31,076
Li Zheng (李鐸)	—	1,014	69	53	1,136	—	1,136
Shen Sha (沈沙)	—	840	63	53	956	18	974
Jiang Feng (江峰) (c)	—	579	52	53	684	232	916
Liu Hongming (劉洪明) (d)	—	95	7	6	108	115	223
Non-executive directors							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Supervisor							
Ye Qing (葉青)	—	329	22	43	394	651	1,045
	—	5,665	418	367	6,450	31,089	37,539

Nine months ended 30 September 2025 (unaudited)

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	Sub-Total RMB’000	Equity-settled share-based payments (i) RMB’000	Total RMB’000
Executive directors							
Yao Haiping (姚海平)	—	984	75	53	1,112	—	1,112
Zhong Qi (鍾琪)	—	973	75	53	1,101	—	1,101
Xu Wei (許維)	—	884	68	53	1,005	—	1,005
Li Zheng (李鐸) (f)	—	903	69	53	1,025	—	1,025
Shen Sha (沈沙)	—	839	64	53	956	—	956
Liu Hongming (劉洪明)	—	859	65	53	977	—	977
Non-executive directors							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越) (g)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
Supervisors							
Ye Qing (葉青) (e)	—	334	23	47	404	—	404
	—	5,776	439	365	6,580	—	6,580

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Notes:

- (a) Gao Bingqiang (高秉強) was resigned in February 2023.
- (b) Yang Yunfeng (楊運峰) was appointed as non-executive director in February 2023.
- (c) Jiang Feng (江峰) was resigned in September 2024.
- (d) Liu Hongming (劉洪明) was appointed as executive director of the Company in September 2024.
- (e) Ye Qing (葉青) was resigned in December 2025.
- (f) Li Zheng (李錚) was resigned in January 2026.
- (g) Yin Yue (殷越) was resigned in January 2026.
- (h) Shen Bo (沈泊) was appointed as executive director in January 2026; Zhang Wenqian (張雯茜) and Zhang Zhibin (張志斌) were appointed as non-executive directors in January 2026; Chu Pak Fei Tiffany (朱柏霏), Liu Sai Keung Thomas (廖世強), and Zeng Xiaoyang (曾曉洋) were appointed as independent non-executive directors in January 2026.
- (i) These represent the estimated value of share-based payment granted to the directors and supervisor under the Company’s share-based payment scheme as set out in Note 23. The value of these share-based payment is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note 2(p)(ii).

During the Track Record Period and the period covered by the Interim Financial Information, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors, supervisor and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2023 and 2024 and nine months ended 30 September 2024 and 2025, three, two, three (unaudited) and three (unaudited) individuals’ emoluments are disclosed in Note 8 and the emoluments in respect of the remaining two, three, two (unaudited) and two (unaudited) individuals during the Track Record Period and the period covered by the Interim Financial Information are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Salaries, allowance and benefits in kind	2,596	3,334	1,843	1,946
Discretionary bonuses	256	237	121	150
Retirement scheme contributions	138	212	106	107
Equity-settled share-based payments	448	6,110	497	—
	<u>3,438</u>	<u>9,893</u>	<u>2,567</u>	<u>2,203</u>

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The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>
	<i>individuals</i>	<i>individuals</i>	<i>individuals</i>	<i>individuals</i>
			(Unaudited)	(Unaudited)
HK\$				
1,000,001–1,500,000	—	—	1	2
1,500,001–2,000,000	2	—	1	—
2,000,001–3,000,000	—	1	—	—
3,000,001–3,500,000	—	1	—	—
3,500,001–5,000,000	—	1	—	—

During the Track Record Period and the period covered by the Interim Financial Information, no amounts were paid or payable by the Group to the above non-director/supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share during the Track Record Period and the period covered by the Interim Financial Information is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue.

As disclosed in Note 27, the Company was converted into a joint stock limited liability company and issued 27,181,724 shares with the par value of RMB1 each in December 2025. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company’s conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2023, at the conversion ratio established in the exchange in December 2025.

(i) Loss for the year/period attributable to ordinary equity shareholders of the Company

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)	(Unaudited)
Loss for the year/period attributable to all equity shareholders of the Company	(308,273)	(216,281)	(156,226)	(2,277)
Allocation of loss for the year/period attributable to ordinary shares with redemption rights (<i>Note 22</i>)	<u>135,732</u>	<u>95,855</u>	<u>69,239</u>	<u>1,009</u>
Loss for the year/period attributable to ordinary equity shareholders of the Company	(172,541)	(120,426)	(86,987)	(1,268)

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(ii) *Weighted average number of ordinary shares deemed to be in issue*

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	'000	'000	'000	000
			(Unaudited)	(Unaudited)
Ordinary shares deemed to be in issue at 1 January	25,932	27,182	27,182	27,182
Effect of ordinary shares deemed to be issued	1,109	—	—	—
Effect of ordinary shares with redemption rights (<i>Note 22</i>)	<u>(11,906)</u>	<u>(12,047)</u>	<u>(12,047)</u>	<u>(12,047)</u>
Weighted average number of ordinary shares deemed to be in issue at 31 December/ 30 September	15,135	15,135	15,135	15,135

(b) Diluted loss per share

Ordinary shares with redemption rights issued to investors (*Note 22*) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for the respective years/periods.

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11 PROPERTY, PLANT AND EQUIPMENT

	Equipment and machinery RMB’000	Office equipment and furniture RMB’000	Construction in progress RMB’000	Leasehold improvements RMB’000	Total RMB’000
Cost:					
At 1 January 2023	64,829	525	1,311	2,830	69,495
Additions	6,233	131	18,696	1,204	26,264
Transfer	601	—	(7,624)	7,023	—
Disposals	<u>(878)</u>	<u>—</u>	<u>—</u>	<u>(67)</u>	<u>(945)</u>
At 31 December 2023 and 1 January 2024	70,785	656	12,383	10,990	94,814
Additions	7,024	14	23,834	—	30,872
Transfer	34,615	—	(35,270)	377	(278)
Disposals	<u>(400)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(400)</u>
At 31 December 2024 and 1 January 2025	112,024	670	947	11,367	125,008
Additions	591	—	8,379	472	9,442
Transfer	1,178	—	(1,178)	—	—
Disposals	<u>(53)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(53)</u>
At 30 September 2025 (unaudited)	<u>113,740</u>	<u>670</u>	<u>8,148</u>	<u>11,839</u>	<u>134,397</u>
Accumulated depreciation:					
At 1 January 2023	(36,112)	(447)	—	(746)	(37,305)
Charge for the year	(15,357)	(41)	—	(3,045)	(18,443)
Written back on disposals	<u>878</u>	<u>—</u>	<u>—</u>	<u>49</u>	<u>927</u>
At 31 December 2023 and 1 January 2024	(50,591)	(488)	—	(3,742)	(54,821)
Charge for the year	(13,822)	(49)	—	(4,130)	(18,001)
Written back on disposals	<u>400</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>400</u>
At 31 December 2024 1 January 2025	(64,013)	(537)	—	(7,872)	(72,422)
Charge for the period	(12,710)	(35)	—	(2,551)	(15,296)
Written back on disposals	<u>50</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>50</u>
At 30 September 2025 (unaudited)	<u>(76,673)</u>	<u>(572)</u>	<u>—</u>	<u>(10,423)</u>	<u>(87,668)</u>
Net book value:					
At 31 December 2023	<u>20,194</u>	<u>168</u>	<u>12,383</u>	<u>7,248</u>	<u>39,993</u>
At 31 December 2024	<u>48,011</u>	<u>133</u>	<u>947</u>	<u>3,495</u>	<u>52,586</u>
At 30 September 2025 (unaudited)	<u>37,067</u>	<u>98</u>	<u>8,148</u>	<u>1,416</u>	<u>46,729</u>

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12 RIGHT-OF-USE ASSETS

	Properties leased for own use carried at cost (a) RMB’000
Cost:	
At 1 January 2023	17,744
Additions	1,108
Disposals	<u>(1,305)</u>
At 31 December 2023 and 1 January 2024	17,547
Additions	12,563
Disposals	<u>(16,453)</u>
At 31 December 2024 and 1 January 2025	13,657
Additions	<u>1,582</u>
At 30 September 2025 (unaudited)	<u>15,239</u>
Accumulated depreciation:	
At 1 January 2023	(7,751)
Charge for the year	(5,909)
Written back on disposals	<u>1,107</u>
At 31 December 2023 and 1 January 2024	(12,553)
Charge for the year	(6,053)
Written back on disposals	<u>16,453</u>
At 31 December 2024 and 1 January 2025	(2,153)
Charge for the period	<u>(3,260)</u>
At 30 September 2025 (unaudited)	<u><u>(5,413)</u></u>
Net book value:	
At 31 December 2023	<u><u>4,994</u></u>
At 31 December 2024	<u><u>11,504</u></u>
At 30 September 2025 (unaudited)	<u><u>9,826</u></u>

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The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December		At 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets by class of underlying asset:				
— Properties leased for own use	5,909	6,053	4,747	3,260
Interest on lease liabilities (<i>Note 6(a)</i>)	341	212	73	362
Net gain of termination of lease	96	13	—	—
Expense relating to short-term leases	7	34	14	67

During the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, additions to right-of-use assets of the Group were RMB1,108,000, RMB12,563,000, and RMB1,582,000 (unaudited) respectively. This amount was primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases are set out in Notes 18(d), 21 and 25(b), respectively.

(a) Properties leased for own use

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 4 years.

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13 INTANGIBLE ASSETS

	Intellectual properties RMB'000	Patents RMB'000	Software RMB'000	Total RMB'000
Cost:				
At 1 January 2023	37,824	447	5,335	43,606
Additions	<u>11,344</u>	<u>—</u>	<u>2,607</u>	<u>13,951</u>
At 31 December 2023 and 1 January 2024	49,168	447	7,942	57,557
Additions	8,711	—	6,359	15,070
Transfer	<u>—</u>	<u>—</u>	<u>278</u>	<u>278</u>
At 31 December 2024 and 1 January 2025	57,879	447	14,579	72,905
Additions	<u>—</u>	<u>300</u>	<u>172</u>	<u>472</u>
At 30 September 2025 (unaudited)	<u>57,879</u>	<u>747</u>	<u>14,751</u>	<u>73,377</u>
Accumulated amortisation:				
At 1 January 2023	(15,158)	(92)	(3,773)	(19,023)
Charge for the year	<u>(5,667)</u>	<u>(45)</u>	<u>(1,434)</u>	<u>(7,146)</u>
At 31 December 2023 and 1 January 2024	(20,825)	(137)	(5,207)	(26,169)
Charge for the year	<u>(7,226)</u>	<u>(45)</u>	<u>(1,901)</u>	<u>(9,172)</u>
At 31 December 2024 and 1 January 2025	(28,051)	(182)	(7,108)	(35,341)
Charge for the period	<u>(6,332)</u>	<u>(39)</u>	<u>(1,588)</u>	<u>(7,959)</u>
At 30 September 2025 (unaudited)	<u>(34,383)</u>	<u>(221)</u>	<u>(8,696)</u>	<u>(43,300)</u>
Net book value:				
At 31 December 2023	<u>28,343</u>	<u>310</u>	<u>2,735</u>	<u>31,388</u>
At 31 December 2024	<u>29,828</u>	<u>265</u>	<u>7,471</u>	<u>37,564</u>
At 30 September 2025 (unaudited)	<u>23,496</u>	<u>526</u>	<u>6,055</u>	<u>30,077</u>

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14 OTHER NON-CURRENT ASSETS

	At 31 December		At 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(Unaudited)
Prepayments for property, plant and equipment	425	—	—
Rental deposits	2,206	1,969	2,027
	<u>2,631</u>	<u>1,969</u>	<u>2,027</u>

15 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December		At 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(Unaudited)
Investment in subsidiaries, at cost	<u>11,072</u>	<u>11,072</u>	<u>11,072</u>

Details of the subsidiaries are set out in Note 1.

16 INVENTORIES

(a) Inventories in the statements of financial position comprise:

	At 31 December		At 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(Unaudited)
Raw materials	29,119	43,959	70,622
Semi-finished products and WIP	1,178	7,098	14,012
Finished products	<u>21,325</u>	<u>18,688</u>	<u>24,730</u>
	<u>51,622</u>	<u>69,745</u>	<u>109,364</u>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	At 31 December		At 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Carrying amount of inventories used	78,682	285,238	222,720	181,195
Write-down of inventories	<u>14,342</u>	<u>16,996</u>	<u>11,679</u>	<u>7,831</u>
	<u>93,024</u>	<u>302,234</u>	<u>234,399</u>	<u>189,026</u>

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17 TRADE AND OTHER RECEIVABLES

The Group

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Trade receivables, net of loss allowance	12,846	12,898	15,818
Prepayments	42,030	47,867	95,346
Value-Added Tax (“VAT”) recoverable	125	1,389	—
Tax refund receivables	—	—	3,114
Other receivables and deposits, net of loss allowance	59	70	70
	<u>55,060</u>	<u>62,224</u>	<u>114,348</u>

The Company

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Trade receivables, net of loss allowance	12,940	12,556	17,371
Prepayments	42,001	42,899	95,280
VAT recoverable	125	791	—
Tax refund receivables	—	—	3,114
Other receivables — deposits and others, net of loss allowance	38	50	49
Other receivables — amounts due from subsidiaries	137,135	63,088	180,054
	<u>192,239</u>	<u>119,384</u>	<u>295,868</u>

All of trade and other receivables of the Group are due from third parties and are expected to be recovered or recognised as expenses within one year.

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Within 6 months	9,911	12,326	12,734
Over 6 months but less than 1 year	2,024	173	2,880
Over 1 year but less than 2 years	911	399	204
	<u>12,846</u>	<u>12,898</u>	<u>15,818</u>

Details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 25(a).

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18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents:

The Group

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Cash at bank and in hand	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>

The Company

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Cash at bank and in hand	<u>87,672</u>	<u>134,718</u>	<u>29,560</u>

(b) Reconciliation of loss before taxation to cash generated from operations:

		Year ended 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Loss before taxation		(308,273)	(216,249)	(156,226)	(2,260)
Adjustments for:					
— Depreciation of property, plant and equipment	6(c)	18,443	18,001	12,935	15,296
— Depreciation of right-of-use assets	6(c)	5,909	6,053	4,747	3,260
— Amortisation of intangible assets	6(c)	7,146	9,172	6,765	7,959
— Net (gain)/loss on disposal of property, plant and equipment	5	(7)	—	—	2
— Write-down of inventories	16(b)	14,342	16,996	11,679	7,831
— Net realised gains on financial assets measured at FVPL	5	(2,714)	(38)	(38)	—
— Net foreign exchange loss/(gain)	5	26	(292)	(50)	(155)
— Net gain on derecognition of leases		(96)	(13)	—	—
— Finance costs	6(a)	85,894	128,763	111,159	53,085
— Impairment losses (reversal)/recognised on trade receivables		(1,714)	(1,053)	(426)	124
— Equity-settled share-based transactions		37,954	79,495	36,371	(1,847)
Changes in working capital:					
Increase in inventories		(5,634)	(35,119)	(36,657)	(47,450)
Increase in trade and other receivables		(171)	(5,904)	(10,805)	(52,213)
Decrease/(increase) in other non-current assets		5,265	662	2,631	(58)
Increase/(decrease) in trade and other payables		<u>1,169</u>	<u>44,979</u>	<u>21,606</u>	<u>(24,031)</u>
Cash (used in)/generated from operations		<u>(142,461)</u>	<u>45,453</u>	<u>3,691</u>	<u>(40,457)</u>

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(c) **Reconciliation of liabilities arising from financing activities:**

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s cash flow statement as cash flows from financing activities.

	Loans and borrowings <i>RMB’000</i> <i>(Note 20)</i>	Lease liabilities <i>RMB’000</i> <i>(Note 21)</i>	Redemption liabilities <i>RMB’000</i> <i>(Note 22)</i>	Total <i>RMB’000</i>
At 1 January 2023	—	10,863	1,166,920	1,177,783
Changes from financing cash flows:				
Capital element of lease rentals paid	—	(6,279)	—	(6,279)
Interest element of lease rentals paid	—	(341)	—	(341)
Total changes from financing cash flows	—	(6,620)	—	(6,620)
Other changes:				
Decrease in trade and other payables	—	—	135,000	135,000
Increase in lease liabilities from entering into new leases during the year <i>(Note 12)</i>	—	1,108	—	1,108
Termination of leases	—	(294)	—	(294)
Changes in the carrying amount of redemption liabilities <i>(Note 22)</i>	—	—	85,553	85,553
Interest expenses <i>(Note 6(a))</i>	—	341	—	341
Total other changes	—	1,155	220,553	221,708
At 31 December 2023	—	5,398	1,387,473	1,392,871
	Loans and borrowings <i>RMB’000</i> <i>(Note 20)</i>	Lease liabilities <i>RMB’000</i> <i>(Note 21)</i>	Redemption liabilities <i>RMB’000</i> <i>(Note 22)</i>	Total <i>RMB’000</i>
At 1 January 2024	—	5,398	1,387,473	1,392,871
Changes from financing cash flows:				
Proceeds from loans and borrowings	82,663	—	—	82,663
Repayment of loans and borrowings	(23,000)	—	—	(23,000)
Interest of loans and borrowings paid	(853)	—	—	(853)
Capital element of lease rentals paid	—	(6,628)	—	(6,628)
Interest element of lease rentals paid	—	(212)	—	(212)
Total changes from financing cash flows	58,810	(6,840)	—	51,970
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	12,550	—	12,550
Termination of leases	—	(13)	—	(13)
Changes in the carrying amount of redemption liabilities <i>(Note 22)</i>	—	—	127,634	127,634
Interest expenses <i>(Note 6(a))</i>	917	212	—	1,129
Total other changes	917	12,749	127,634	141,300
At 31 December 2024	59,727	11,307	1,515,107	1,586,141

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	Loans and borrowings <i>RMB'000</i> (Note 20)	Lease liabilities <i>RMB'000</i> (Note 21)	Redemption liabilities <i>RMB'000</i> (Note 22)	Total <i>RMB'000</i>
At 1 January 2025	59,727	11,307	1,515,107	1,586,141
Changes from financing cash flows:				
Proceeds from loans and borrowings	80,000	—	—	80,000
Repayment of loans and borrowings	(69,663)	—	—	(69,663)
Interest of loans and borrowings paid	(1,650)	—	—	(1,650)
Capital element of lease rentals paid	—	(2,791)	—	(2,791)
Interest element of lease rentals paid	—	(362)	—	(362)
Total changes from financing cash flows	8,687	(3,153)	—	5,534
Other changes:				
Increase in lease liabilities from entering into new leases during the period (Note 12)	—	1,582	—	1,582
Changes in the carrying amount of redemption liabilities (Note 22)	—	—	51,085	51,085
Interest expenses (Note 6(a))	1,638	362	—	2,000
Total other changes	1,638	1,944	51,085	54,667
At 30 September 2025 (unaudited)	70,052	10,098	1,566,192	1,646,342

(d) **Total cash outflow for leases**

Amounts included in the cash flow statement for leases comprise the following:

	At 31 December		At 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	(Unaudited)
Within operating cash flows	7	34	14	67
Within financing cash flows	6,620	6,840	5,366	3,153
	6,627	6,874	5,380	3,220

These amounts are related to lease rentals paid.

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19 TRADE AND OTHER PAYABLES

The Group

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Trade payables	18,007	17,250	14,166
Accrued payroll	9,475	8,809	12,818
Other tax payables	1,496	2,743	6,094
Other payables and accruals	5,075	3,859	2,196
Governments grants received with conditions (i)	4,050	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	2,545
Contract liabilities (ii)	<u>26,514</u>	<u>62,549</u>	<u>35,922</u>
	<u>65,437</u>	<u>114,693</u>	<u>88,159</u>

The Company

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Trade payable amount due to third parties	16,573	14,524	12,138
Trade payable amount due to subsidiaries	99,537	20,306	33,461
Accrued payroll	576	4,669	6,718
Other tax payables	117	1,370	5,558
Other payables and accruals	3,479	2,643	1,340
Governments grants received with conditions (i)	4,050	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	2,545
Contract liabilities (ii)	<u>25,143</u>	<u>56,741</u>	<u>32,732</u>
	<u>150,295</u>	<u>119,736</u>	<u>108,910</u>

- (i) The government grants recognised in trade and other payables mainly represent the grants received with certain requirements to be met in a specified region.

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(ii) Contract liabilities

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
At the beginning of the year/period	14,725	26,514	62,549
Net increase in contract liabilities during the year/period	15,341	48,023	34,575
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	<u>(3,552)</u>	<u>(11,988)</u>	<u>(61,202)</u>
Balance at the end of the year/period	<u>26,514</u>	<u>62,549</u>	<u>35,922</u>

The contract liabilities are expected to be recognised as revenue within one year.

As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Within 1 year	12,153	11,005	8,218
Over 1 year but less than 2 years	1,783	898	1,154
Over 2 years but less than 3 years	3,593	1,286	319
Over 3 years	<u>478</u>	<u>4,061</u>	<u>4,475</u>
	<u>18,007</u>	<u>17,250</u>	<u>14,166</u>

20 LOANS AND BORROWINGS

The Group

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Guaranteed bank loans (i)	<u>—</u>	<u>59,727</u>	<u>70,052</u>

The Company

	At 31 December 2023 RMB'000	2024 RMB'000	At 30 September 2025 RMB'000 (Unaudited)
Guaranteed bank loans (i)	<u>—</u>	<u>30,033</u>	<u>70,052</u>

- (i) Loans and borrowings were repayable within 1 year and were guaranteed by related parties (see Note 26(a)) as at 31 December 2024 and 30 September 2025.

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21 LEASE LIABILITIES

As of the end of each reporting period, the lease liabilities were repayable as follows:

	At 31 December 2023 RMB’000	2024 RMB’000	At 30 September 2025 RMB’000 (Unaudited)
Within 1 year	5,398	4,064	4,664
After 1 year but within 2 years	—	4,207	4,890
After 2 years but within 5 years	—	3,036	544
	—	7,243	5,434
	5,398	11,307	10,098

22 REDEMPTION LIABILITIES

Redemption rights

The Company conducted several series of financing by issuing registered capital to investors before and during the Track Record Period and the period covered by the Interim Financial Information. Pursuant to the agreements signed between the Company and the investors, certain investors were granted the right to require the Company to redeem their paid-in capital upon the occurrence of specified events, with the main conditions being: (i) a qualified [REDACTED] does not occur before a specified date; (ii) a material breach on the agreements by the Company or the founders, of any of their representations, warranties or undertakings under the agreements; and (iii) a change in the actual controllers of the Company.

The redemption price of the shares shall equal to the higher amount of (i) the aggregate of the original issue price plus an amount accruing annually at 8% or 10% of the original issue price per annum minus all accumulated distributed dividends; or (ii) the fair market price of the original issue shares at the date of the redemption.

Distribution upon occurrence of deemed liquidation events

Upon the occurrence of any deemed liquidation events, including a consolidation or merger of the Company in which the investors prior thereto will not retain a majority of the voting power of the Company immediately thereafter, i.e. a change of control, a sale of substantially part of the Company’s assets or business, the preferential investors shall be entitled to a distribution at the original investment amount in order of priority. The remaining assets of the Company, after allowing the distribution at the original investment amount, shall then be distributed to the preferential investors on a pro-rata basis among all shareholders.

Presentation and classification

A contract that contains an obligation to purchase the Company’s equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company’s obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The related redemption options have been conditionally terminated before the submission of [REDACTED] to the HKSE. Upon the qualified [REDACTED] of the Company’s shares on the HKSE, the related redemption options would be unconditionally terminated and the carrying amount of the redemption liabilities will be reclassified to equity.

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The movements of redemption liabilities during the Track Record Period and the period covered by the Interim Financial Information are as follows:

The Group and the Company

	Year ended 31 December		At 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(Unaudited)
At the beginning of the year/period	1,166,920	1,387,473	1,515,107
Grant of redemption right upon issuance of registered capital	135,000	—	—
Changes in the carrying amount of redemption liabilities	85,553	127,634	51,085
At the end of the year/period	1,387,473	1,515,107	1,566,192

The fair market value of the shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer. The Company used discounted cash flow method to determine the total share value of the Company and applied the equity allocation model to determine the fair market value of the shares of relevant series at the end of each reporting period upon redemption.

Key valuation assumptions used to determine the fair market value of the shares are as follows:

	Year ended 31 December		At 30 September
	2023	2024	2025
			(Unaudited)
Risk-free rate	2.3%	1.1%	1.4%
Volatility	50.1%	54.3%	57.1%

23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Incentive Plans

In 2019, the Group adopted a share incentive plan (the “**Plan**”). The participant of the Plan invested in the Company by the way of acquiring registered capital of the Company through employee shareholding platforms (the “**Platforms**”).

The vesting period consists of the following scenarios: (i) The restricted shares shall vest when the service period from grant date to 31 December 2020 were fulfilled. (ii) The restricted shares shall vest after three years since the completion of [REDACTED]. (iii) The restricted shares shall vest immediately after grant without service conditions to be met.

In October 2024, the vesting schedule of the restricted shares granted to certain employees which subject to vesting period of three years since the completion of [REDACTED], were modified to vest in October 2024.

If employments relationship of the grantees is terminated before the restricted shares become vested, these grantees have to transfer out their equity interests to the person designed by the general partner of the Platforms at the initial purchase price paid by the grantees plus interest calculated based on a fixed rate.

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- (i) The number of restricted shares to the Group’s incentive employees is summarised as follows:

	At 31 December		At 30 September
	2023	2024	2025
	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>
	<i>restricted shares</i>	<i>restricted shares</i>	<i>restricted shares</i>
			(Unaudited)
Outstanding as at the beginning of the year/period	1,035,810	1,760,024	176,826
Granted	1,402,230	632,122	—
Vested	(611,589)	(2,102,270)	—
Forfeited	(66,427)	(113,050)	(176,826)
Outstanding as at the end of the year/period	<u>1,760,024</u>	<u>176,826</u>	<u>—</u>

- (ii) *Fair value of restricted shares*

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the newly granted restricted shares is measured based on an equity allocation model.

	Year ended 31 December		Period ended
	2023	2024	30 September
Fair value of restricted shares			2025
			(Unaudited)
Fair value at grant date	RMB49.08 to RMB51.81	RMB51.81 to RMB59.07	N/A
Subscription price	RMB1.54 to RMB1.63	RMB1.54 to RMB1.63	N/A
Expected dividend yield	0%	0%	N/A

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24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the year or period are set out below:

				PRC		
		Paid-in	Capital	statutory	Accumulated	Total
	Note	capital	reserve	reserves	losses	
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
		(Note 24(c))	(Note 24(d))	(Note 24(d))		
Balance at 1 January 2023		25,932	27,904	3,923	(930,616)	(872,857)
Loss and total comprehensive income for the year		—	—	—	(289,041)	(289,041)
Capital injections from investors		1,250	133,750	—	—	135,000
Grant of redemption rights upon issuance of registered capital		—	(135,000)	—	—	(135,000)
Equity-settled share-based transactions	23	—	37,954	—	—	37,954
Balance at 31 December 2023 and 1 January 2024		27,182	64,608	3,923	(1,219,657)	(1,123,944)
Loss and total comprehensive income for the year		—	—	—	(198,086)	(198,086)
Equity-settled share-based transactions	23	—	79,495	—	—	79,495
Balance at 31 December 2024		27,182	144,103	3,923	(1,417,743)	(1,242,535)
				PRC		
		Paid-in	Capital	statutory	Accumulated	Total
	Note	capital	reserve	reserves	losses	
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
		(Note 24(c))	(Note 24(d))	(Note 24(d))		
(unaudited)						
Balance at 1 January 2025		27,182	144,103	3,923	(1,417,743)	(1,242,535)
Profit and total comprehensive income for the period		—	—	—	23,534	23,534
Equity-settled share-based transactions	23	—	(1,847)	—	—	(1,847)
Balance at 30 September 2025 (unaudited)		27,182	142,256	3,923	(1,394,209)	(1,220,848)

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(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period and the period covered by the Interim Financial Information.

(c) Paid-in capital

	Total <i>RMB’000</i>
Balance at 1 January 2023	25,932
Capital contribution by investors	<u>1,250</u>
Balance at 31 December 2023 and 2024, 30 September 2025 (unaudited)	<u><u>27,182</u></u>

(d) Nature and purpose of reserves

(iii) Capital reserve

The capital reserve mainly comprises the following:

- amounts in relation to grant of redemption right upon issuance of registered capital (see Note 22);
- the excess of the net contributions from the investors of the Company over the total paid-in capital issued.
- the portion of the grant date fair value of restricted shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

(iv) Exchange reserve

- The exchange reserve mainly comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

(v) PRC statutory reserve

- Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity shareholders.
- For the entity concerned, statutory reserves can be used to make good previous years’ losses, if any, and may be converted into capital in proportion to the existing equity interests of equity shareholders, provided that the balance of the reserve after such conversion is not less than 25% of the entity’s registered capital.

(e) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables.

The Group’s exposure to credit risk arising from cash and cash equivalents and time deposits is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group’s five largest customers at 31 December 2023 and 2024 and 30 September 2025 represented 53%, 57%, and 55% (unaudited) of the total trade receivables respectively, while 14%, 16%, and 15% (unaudited) of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group’s historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group’s different customer bases.

The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables:

		2023	
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Within 6 months	1%	10,011	100
Over 6 months but less than 1 year	5%	2,132	108
Over 1 year but less than 2 years	25%	1,215	304
Over 2 years but less than 3 years	100%	813	813
		14,171	1,325
Provision on individual basis for certain customers		4,618	4,618
Total		18,789	5,943

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	Expected loss rate	2024 Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Within 6 months	1%	12,451	125
Over 6 months but less than 1 year	5%	182	9
Over 1 year but less than 2 years	25%	532	133
Over 2 years but less than 3 years	100%	<u>5</u>	<u>5</u>
		13,170	272
Provision on individual basis for certain customers		<u>4,618</u>	<u>4,618</u>
Total		<u><u>17,788</u></u>	<u><u>4,890</u></u>

As at 30 September 2025 (Unaudited)

	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Within 6 months	1%	12,863	129
Over 6 months but less than 1 year	5%	3,032	152
Over 1 year but less than 2 years	25%	272	68
Over 2 years but less than 3 years	100%	<u>47</u>	<u>47</u>
		16,214	396
Provision on individual basis for certain customers		<u>4,618</u>	<u>4,618</u>
Total		<u><u>20,832</u></u>	<u><u>5,014</u></u>

Expected loss rates are based on actual loss experience over the past 24 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period and the period covered by the Interim Financial Information is as follows:

	Year ended 31 December	Nine months ended
	2023	30 September
	RMB’000	2025
		RMB’000
		(Unaudited)
Balance at 1 January	7,657	5,943
Impairment losses (reversal)/recognised during the year/period	<u>(1,714)</u>	<u>(1,053)</u>
	<u><u>5,943</u></u>	<u><u>4,890</u></u>
		<u><u>5,014</u></u>

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes rental deposits.

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The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables and deposits as at 31 December 2023, 2024 and 30 September 2025.

(b) Liquidity risk

The Group’s policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	65,437	—	—	—	65,437	65,437
Lease liabilities	5,411	—	—	—	5,411	5,398
Redemption liabilities	1,387,473	—	—	—	1,387,473	1,387,473
	1,458,321	—	—	—	1,458,321	1,458,308

	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	60,810	—	—	—	60,810	59,727
Trade and other payables	114,693	—	—	—	114,693	114,693
Lease liabilities	4,505	4,452	3,101	—	12,058	11,307
Redemption liabilities	1,515,107	—	—	—	1,515,107	1,515,107
	1,695,115	4,452	3,101	—	1,702,668	1,700,834

	At 30 September 2025 (Unaudited)					
	Contractual undiscounted cash outflow					Balance sheet carrying amount RMB'000 (Unaudited)
	Within 1 year or on demand RMB'000 (Unaudited)	More than 1 year but less than 2 years RMB'000 (Unaudited)	More than 2 year but less than 5 years RMB'000 (Unaudited)	More than 5 years RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	
Loans and borrowings	70,921	—	—	—	70,921	70,052
Trade and other payables	88,159	—	—	—	88,159	88,159
Lease liabilities	5,013	5,013	392	—	10,418	10,098
Redemption liabilities	1,566,192	—	—	—	1,566,192	1,566,192
	1,730,285	5,013	392	—	1,735,690	1,734,501

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(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group’s interest rate risk arises primarily from cash at bank. The Group’s interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 30 September 2025 primarily are the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Group’s interest rate profile as monitored by management is set out below.

The Group’s interest-bearing borrowings, lease liabilities, cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December		2024		At 30 September	
	2023				2025	
	<i>Effective</i>		<i>Effective</i>		<i>Effective</i>	
	<i>interest rate</i>	<i>RMB'000</i>	<i>interest rate</i>	<i>RMB'000</i>	<i>interest rate</i>	<i>RMB'000</i>
					(Unaudited)	(Unaudited)
Fixed rate instruments						
Loans and borrowings	—	—	3.45%–4.35%	(59,727)	2.70%–2.90%	(70,052)
Lease liabilities	4.75%	(5,398)	4.75%	(11,307)	4.75%	(10,098)
		(5,398)		(71,034)		(80,150)
Variable rate instruments						
Cash and cash equivalents	0.05%–2.00%	93,255	0.05%–0.20%	149,120	0.05%–0.20%	101,837

(i) Sensitivity analysis

At 31 December 2023 and 2024 and September 2025, it is estimated that a general increase/(decrease) of 100 basis points in interest rates, with all other variables held constant, would have (decrease)/increase in the Group’s loss after tax and accumulated losses as follows.

		(Decrease)/increase in loss after tax for the year/period RMB'000	(Decrease)/increase in accumulated losses for the year/ period RMB'000
At 31 December 2023			
Basis points	100	(933)	(933)
Basis points	(100)	933	933
At 31 December 2024			
Basis points	100	(1,491)	(1,491)
Basis points	(100)	1,491	1,491
At 30 September 2025 (unaudited)			
Basis points	100	(764)	(764)
Basis points	(100)	764	764

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(d) Currency risk

The Group is exposed to currency risk primarily through purchases and sales which give rise to payables, receivables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars.

	Exposure to foreign currencies		
	At 31 December	As at 30 September	
	2023	2024	2025
	USD RMB'000	USD RMB'000	USD RMB'000 (Unaudited)
Cash and cash equivalents	992	17,697	5,663
Trade and other receivables	101	4,461	473
Trade and other payables	(1,431)	(3,582)	(2,453)
	<u>(338)</u>	<u>18,576</u>	<u>3,683</u>

(i) Sensitivity analysis

The following table indicates the instantaneous change in the Group’s loss after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/(decrease) in foreign exchange rates	(Decrease)/increase in loss after tax and accumulated losses RMB'000
At 31 December 2023		
US\$ (against RMB)	5%	17
	–5%	(17)
At 31 December 2024		
US\$ (against RMB)	5%	(929)
	–5%	929
At 30 September 2025		
US\$ (against RMB)	5%	(184)
	–5%	184

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(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

Information about Level 3 fair value measurements

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

There was no balance of financial instruments measured at fair value held by the Group as at 31 December 2023, 2024 and 30 September 2025.

The movement during the year in the balance of these Level 3 fair value measurements are as follows:

	For the year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
At the beginning of the year/period	—	—	—	—
Purchase	700,000	10,000	10,000	—
Changes in fair value recognised in profit or loss during the year (Note 5)	2,714	38	38	—
Redemption	(702,714)	(10,038)	(10,038)	—
At the end of the year/period	—	—	—	—

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(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 30 September 2025.

26 MATERIAL RELATED PARTY TRANSACTIONS

Names and relationship of the related parties that had material transactions with the Group during the Track Record Period and the period covered by the Interim Financial Information are disclosed as following:

Name of party	Relationship
Yao Haiping* 姚海平	Shareholder of the Company and key management of the Group
Zhong Qi* 鍾琪	Shareholder of the Company and key management of the Group
Shen Bo* 沈泊	Shareholder of the Company and key management of the Group

* During the Track Record Period and the period covered by the Interim Financial Information, Yao Haiping, Zhong Qi, Shen Bo have acted in concert with each other.

(a) Guarantees issued by related parties

	Year ended 31 December		Nine months ended
	2023	2024	30 September
	RMB’000	RMB’000	2025
			RMB’000
			(Unaudited)
Guarantees issued by related parties in respect of loans and borrowings borrowed by the Group:			
Yao Haiping	—	30,033	70,052
Yao Haiping, Zhong Qi, Shen Bo	—	29,694	—
	—	59,727	70,052

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group’s directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Salaries, wages and other benefits	4,838	5,030	3,780	3,815
Discretionary bonuses	819	390	276	293
Contributions to defined contribution retirement plan	274	282	211	213
Equity-settled share-based payment expenses	30,687	30,073	30,073	—
	36,618	35,775	34,340	4,321

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27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) In December 2025, the Company was converted into a joint stock limited company under the Company Law of the PRC. Upon the completion of the conversion, the 27,181,724 shares with a nominal value of RMB1 each were subscribed by all the then shareholders in proportion to their respective equity interest in the Company before the conversion.
- (ii) In December 2025, the Company completed the Series C financing and issued 3,704,494 shares to the investors for a consideration of RMB400 million.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD AND THE PERIOD COVERED BY THE INTERIM FINANCIAL INFORMATION

Up to the date of this report, the HKICPA has issued a number of new or amended standards, which are not yet effective for the Track Record Period and the period covered by the Interim Financial Information and which have not been adopted in preparing the Historical Financial Information. These developments include the followings:

	Effective for accounting periods beginning on or after
<i>Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
<i>Annual improvements to HKFRS Accounting Standards — Volume 11</i>	1 January 2026
<i>HKFRS 18, Presentation and disclosure in financial statements</i>	1 January 2027
<i>HKFRS 19, Subsidiaries without public accountability: disclosures</i>	1 January 2027
<i>Amendments to HKAS 21, Translation to a hyperinflationary presentation currency</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

Subsequent financial statements

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2025.

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

[REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The principal provisions of the Company’s Articles of Association (the “Articles of Association”) are summarized below to provide [REDACTED] with an overview. The following information is a summary and therefore may not contain all the information that is material to [REDACTED].

SHARES

Issuance of Shares

The Company’s shares shall be in the form of registered stock. The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. All unit or individual subscribing for shares of the same class in the same issuance shall pay the same price for each share subscribed for.

The shares issued by the Company shall be denominated in RMB, with the nominal value of RMB1.00 per share.

After the fulfillment of the mandatory procedures stipulated in the Trial Measures and other laws, regulations and regulatory documents, the Company may issue shares to domestic investors and overseas investors. For the purpose of the preceding paragraph, the term “overseas investors” shall refer to investors from foreign countries and Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term “domestic investors” shall refer to investors inside the PRC, excluding the above-mentioned regions that subscribe for shares issued by the Company.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares listed overseas shall be referred to as overseas-listed foreign shares. Shareholders of domestic shares, shareholders of unlisted foreign shares and shareholders of overseas-listed foreign shares shall enjoy equal rights in the distribution of dividends or distribution in any other forms. For the purpose of the preceding paragraph, the term “foreign currencies” shall refer to any legal currency of any country or region that can be converted freely, excluding RMB.

After the fulfillment of the mandatory procedures stipulated in the Trial Measures and other applicable laws, regulations and regulatory documents, shareholders of domestic shares of the Company may transfer all or part of unlisted shares (as defined below in this paragraph) held by them to overseas investors, and list such shares on overseas stock exchanges for trading, or convert all or part of unlisted shares into overseas-listed foreign shares, and list them on overseas stock exchanges for trading. Where the above-mentioned unlisted shares are converted into overseas-listed shares, and listed for trading on overseas stock exchanges, general meetings are not required to be convened for voting. The listing and trading of the above-mentioned shares on any overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of the overseas stock markets.

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Increase or Decrease of Shares

In accordance with the laws and regulations, the Company may increase the capital by the following ways upon approval by resolutions of the general meeting according to the operation and development needs of the Company:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) offering of bonus shares to existing shareholders;
- (IV) capitalization of reserve fund into share capital;
- (V) other forms specified in laws, administrative regulations and regulatory documents or approved by the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the Company Law and other relevant provisions and the procedures set out in Articles of Association.

Repurchase of Shares

The Company shall not acquire its shares, provided that the Company may acquire its shares in compliance with laws, regulations as well as the Hong Kong Listing Rules and the requirements of the Articles of Association, in one of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies holding the shares of the Company;
- (III) to use the shares as an employee stock ownership plan or equity incentive plan;
- (IV) to purchase its shares from shareholders who have voted against the resolutions on the merger or division of the Company at the general meeting upon their request;
- (V) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (VI) necessary for the Company to maintain its value and protect the interests of the shareholders;
and
- (VII) other circumstances stipulated by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and other relevant requirements.

The Company may repurchase its shares through open centralized trading or other ways recognized by laws, administrative regulations and regulatory documents, and securities regulatory authorities of the place where the shares of the Company are listed.

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If the Company repurchases its shares under any of the circumstances stipulated in (III), (V) and (VI) set out above, it shall do so by way of open centralized trading.

A resolution shall be passed at the general meeting when the Company is to repurchase its own shares under the circumstances (I) and (II) set out above. In case of the circumstances stipulated in (III), (V) and (VI) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the regulations of the Articles of Association or authorization of the general meeting.

Upon the repurchase of shares in accordance with the law, the Company shall, within the period prescribed by laws, administrative regulations and the Hong Kong Listing Rules, cancel such shares and apply to the original company registration authority for registration of the change in registered capital.

Upon the purchase of its H Shares by the Company under the circumstance (I) set out above, such H Shares may, at the option of the Company, be cancelled immediately or held as treasury shares in accordance with the Hong Kong Listing Rules. In the event that the directors do not specify that the relevant Shares are to be held as treasury shares, such H Shares shall be cancelled. The Company shall hold treasury shares in a clearly identifiable separate account within the Central Clearing and Settlement System of HKSCC. The Company shall not exercise any right in respect of the treasury shares, and no dividend may be declared or paid in respect of a treasury share. Treasury shares may be disposed of by the Company on such terms and conditions as determined by the directors subject to these Articles of Association and the Hong Kong Listing Rules

Where the laws, administrative regulations, departmental rules, regulatory documents and Hong Kong Listing Rules stipulate other provisions on the relevant matters involved in the foregoing share repurchase, those provisions shall prevail.

Transfer of Shares

The shares of the Company may be transferred to other shareholders or persons other than shareholders. Unless otherwise specified by laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, the fully paid shares of the Company are not subject to any restrictions in transfer, and may be freely transferred without any lien attached. The transfer of overseas-listed foreign shares listed in Hong Kong shall be registered in the share registrar in Hong Kong entrusted by the Company.

All fully paid overseas-listed foreign shares listed in Hong Kong may be transferred freely according to the Articles of Association. However, unless the following conditions are met, the Board may refuse to recognize any transfer documents without stating any reasons:

- (I) transfer documents and other documents relating to or affecting the ownership of any shares shall be registered, and a fee shall be paid to the Company for such registration at the rate of fee prescribed in the Hong Kong Listing Rules, which shall not exceed the maximum fee prescribed from time to time in the Hong Kong Listing Rules;
- (II) transfer documents are only in relation to H Shares listed in Hong Kong;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (III) The stamp duty payable under the laws of Hong Kong in respect of the transfer document has been paid;
- (IV) relevant share certificate(s) and any other evidence which the Board may reasonably request to show that the transferor has the right to transfer the shares have been provided;
- (V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the relevant shares do not have any lien attached; and
- (VII) no transfer of shares shall be made to any minors or any person of unsound mind or under other legal disability.

If the Company refuses to register the transfer of shares, the Company shall, within two months from the date of the formal application for transfer, give the transferor and transferee a notice refusing to register the transfer. All transfer documents shall be kept at the legal address of the Company or such address as may be designated by the Board from time to time.

All H Shares shall be transferred by a transfer document in writing in any usual or common form or any other form which the Board accepts (including the prescribed form or transfer form as required by the Hong Kong Stock Exchange from time to time). The written transfer documents may only be executed by hand or (if the transferor or the transferee is a company) affixed with the company's seal. If the transferor or transferee is a recognized clearing house as defined by the laws of Hong Kong in effect from time to time or the agent thereof, the written transfer documents may be executed by hand or by machine imprinted signatures. All transfer documents shall be kept at the legal address of the Company, the address of the share transfer agency, or any other place specified by the Board from time to time.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities registration agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes general meetings, distributes dividends, commences liquidation or engages in other conducts that require the identification of shareholders, the Board or the convener of the general meeting shall determine the record date of registration of shareholdings. Shareholders registered in the register of shareholders after the closing on the record date of registration of shareholdings shall be the shareholders enjoying the relevant rights.

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The Shareholders of ordinary shares of the Company shall be entitled to the following rights:

- (I) to receive dividends and other forms of distributions in proportion to the shares they hold;
- (II) to lawfully request, convene, preside over and attend the general meetings either in person or by proxy and exercise their corresponding rights to speak and voting rights (save for circumstances where individual shareholders are required to abstain from voting on specific matters under the Hong Kong Listing Rules);
- (III) to supervise, raise suggestions on or make inquiries about the operations of the Company;
- (IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations, the relevant regulations of the securities regulatory authority in the place where the shares of the Company are listed and the Articles of Association;
- (V) to obtain relevant information in accordance with the Articles of Association, including:
 - 1. receiving a copy of the Articles of Association after payment of cost;
 - 2. being entitled to inspect free of charge and copy after payment of reasonable fee:
 - (1) all parts of the register of shareholders;
 - (2) personal data of directors, general manager and other senior management of the Company, including: (a) present and former name and alias; (b) principal address (domicile); (c) nationality; (d) primary and all other part-time occupations and duties; (e) identification documents and the number thereof.
 - (3) report of the status of the issued share capital of the Company;
 - (4) report of the total nominal value, quantity, the highest and lowest price of share of each class repurchased by the Company from the last fiscal year, and the total amount paid by the Company for this purpose;
 - (5) special resolutions of the general meetings of the Company;
 - (6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Audit Committee of the Board;
 - (7) a copy of the latest annual report filed with the State Administration for Industry & Commerce of China or other competent authorities;
 - (8) counterfoils of corporate bonds, resolutions of meetings of the Board, resolutions of meetings of the Audit Committee of the Board; and
 - (9) minutes of the general meetings.

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The Company shall, in accordance with the requirements of the Hong Kong Listing Rules, publish the aforementioned documents specified in item (3) to (7) of the point 2 and other applicable documents on the websites of the Hong Kong Stock Exchange and the Company. The Company shall keep the aforementioned documents specified items (1) and (9) of the point 2 at the designated address in Hong Kong for free inspection by the public and shareholders (the minutes of the general meetings are only available for shareholders to inspect and copy after paying a reasonable fee).

The Hong Kong branch register of shareholders must be available for inspection by shareholders. However, the Company may be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). In other words, the Company may, by notice, close its register of shareholders or that part of the register relating to shareholders holding any class of shares for one or more than one periods, provided that, the accumulative period of closure shall not exceed 30 days within any one year.

Subject to compliance with applicable laws, administrative regulations and securities regulatory rules in the place where the shares of the Company are listed, the Company may reject the requests if the content to be inspected and copied involves the business secrets and inside information of the Company or the personal privacy of relevant personnel.

- (VI) to participate in the distribution of the residual assets of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;
- (VII) to request the Company to purchase their shares for the shareholders who object to the resolution on merger or division made by the general meetings;
- (VIII) other rights stipulated by laws, administrative regulations, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not to withdraw their share capital after the approval and registration of the Company unless under circumstances stipulated by laws and regulations;
- (IV) not to abuse shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to damage the interests of any creditors of the Company;

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- (V) other obligations as stipulated by the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.

When any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the status of the Company as an independent legal person and the limited liability of shareholders for the purposes of evading debts, thereby materially damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts of the Company.

Where any shareholder holding more than 5% of the voting shares of the Company pledges the shares held by him/her/it, the shareholder shall submit a written report to the Company on the day on which the pledge occurs.

The controlling shareholders and actual controllers of the Company shall not use their connected relations to damage the interests of the Company. Any losses caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and actual controllers of the Company shall have fiduciary duties towards the Company and the public shareholders of the Company. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with the law. The controlling shareholders, actual controllers and their connected parties shall not damage the lawful rights and interests of the Company by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., nor make use of their controlling position to damage the interests of the Company and its public shareholders.

General Provisions for General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to the law:

- (I) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (II) to consider and approve the reports of the Board;
- (III) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (IV) to resolve on the increase or reduction of the registered capital of the Company;
- (V) to resolve on the issuance of bonds by the Company;
- (VI) to resolve on the merger, division, dissolution, liquidation or change of form of the Company;
- (VII) to amend the Articles of Association;
- (VIII) to resolve on the appointment, dismissal of the accounting firm of the Company;

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- (IX) to review and approve the guarantee matters as stipulated in the Articles of Association to be reviewed by the general meeting;
- (X) to consider acquisitions and disposals of major assets in a year exceeding 30% of the Company's latest total audited assets;
- (XI) to consider and approve proposals for changing the purpose of the raised funds;
- (XII) to consider the equity incentive schemes and employee stock ownership plans;
- (XIII) to consider other matters that laws, administrative regulations, departmental rules or the Articles of Association require to be resolved by the general meeting;
- (XIV) other matters required by the Hong Kong Listing Rules.

The functions and powers of the general meetings described above shall not be delegated to the Board or any other organizations or individuals through authorization.

When considered necessary, reasonable and legal, the general meeting may authorize or delegate the Board to transact the matters authorized or delegated by it, including but not limited to carrying out the following matters at the general meeting:

Subject to the applicable laws, regulations and listing rules, to grant a general mandate to the Board to issue, allot and deal with additional overseas-listed shares not exceeding 20% of the overseas-listed shares of the Company in issue (or other proportions as required by the applicable laws, administrative regulations and listing rules where the Company's shares are listed);

To authorize the Board, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the actual amount, interest rate, term, targeted group and use of proceeds of the bond(s) issued, as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.

The following external guarantees of the Company shall be considered and approved by the general meeting:

- (I) any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (II) any guarantee provided after the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets;
- (III) the amount of guarantees provided by the Company within 1 year exceeds 30% of the latest audited total assets of the Company;

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(IV) any guarantee provided to the guaranteed party whose asset-liability ratio exceeds 70%;

(V) a single guarantee with an amount exceeding 10% of the latest audited net assets;

(VI) any guarantee provided to shareholders, de facto controllers and their related parties.

General meetings are categorized as annual general meetings and extraordinary general meetings.

An annual general meeting shall be convened once every year and shall take place within 6 months from the end of the previous financial year.

The Company shall convene an extraordinary general meeting within 2 months upon occurrence of any of the following circumstances:

(I) the number of directors is less than that required by the Company Law or less than 2/3 of the number of directors as stipulated by the Articles of Association;

(II) the losses of the Company which are not recovered reach one-third of the Company's total paid-in share capital;

(III) when shareholders, alone or in aggregate, holding 10% or more of the Company's shares (excluding treasury shares), request in writing to convene;

(IV) whenever the Board deems necessary;

(V) when the Audit Committee proposes to convene;

(VI) when the independent non-executive directors propose to convene;

(VII) other circumstances as provided for by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

The Company shall convene a general meeting at its domicile or other places as specified in the notice of the meeting.

The general meeting shall arrange a meeting venue and be convened through on-site meetings. The Company may use electronic communications and other means (including but not limited to online voting, videos or others) to facilitate shareholders attending the general meeting, as appropriate. Shareholders participating in general meetings in the aforesaid manner shall be deemed to have attended the meeting. Each shareholder has the rights to speak and vote at general meetings save for individual shareholders who are required by the Hong Kong Listing Rules to abstain from voting on particular matters.

The time and venue of on-site meetings shall be selected for the convenient participation of shareholders. After the issuance of the notice of the general meeting, the venue for an on-site meeting shall not be changed without any proper reasons. In case of any necessary change of the venue, the convener shall notify shareholders and state the reasons at least two business days prior to the date of the on-site meeting.

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Convening of General Meetings

Independent non-executive directors shall have the right to propose to the Board to convene extraordinary general meetings. When an independent non-executive director proposes to convene an extraordinary general meeting, the Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, administrative regulations and the Articles of Association. If the Board gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. If the Board does not give consent to convene an extraordinary general meeting, the Board shall state the reasons and issue an announcement thereof.

On the basis of one share for one vote, shareholders, alone or in aggregate, holding 10% or more of the Company's shares (excluding treasury shares) shall have the right to request the Board to convene an extraordinary general meeting, have such right to include resolutions in the agenda and submit such request in writing to the Board. The Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the request according to the laws, administrative regulations and the Articles of Association.

If the Board gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the board resolution, issue a notice on convening the general meeting. Any changes to the original request in the notice shall obtain the consent of requisitioning shareholders.

If the Board does not give consent to convene an extraordinary general meeting or does not issue feedback within ten days from the receipt of the request, shareholders, alone or in aggregate, holding 10% or more of the Company's shares (excluding treasury shares) may convene and chair the meeting on their own.

Prior to the announcement of resolutions passed by the general meeting, the shareholding percentage of the requisitioning shareholders shall be no less than 10% (excluding treasury shares).

For the general meetings convened by shareholders, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders as at the record date of registration of shareholdings. The register of shareholders obtained by the convener shall not be used for any purpose other than convening a general meeting.

The necessary expenses for a general meeting convened by shareholders shall be borne by the Company.

Proposals and Notices of General Meetings

The contents of the proposal shall fall within the scope of the functions and powers of the general meetings and shall have specified subjects and specific resolutions, in further compliance with the laws, administrative regulations and the Articles of Association. The proposals of the general meetings shall be in writing.

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When the Company convenes a general meeting, the Board and shareholders, alone or in aggregate, holding 1% or more of the Company's shares shall have the right to make proposals.

Shareholders, alone or in aggregate, holding 1% or more of the Company's shares may make provisional proposals and submit them to the convener in writing 10 days before a general meeting and not exceeding the specific period required by the Hong Kong Listing Rules. The convener shall, within two days upon receipt of the proposal, issue a supplementary notice of the general meeting in accordance with the Company Law and the Hong Kong Listing Rules, announcing the contents of such provisional proposals, which exclude those violating the requirements of the laws, administrative regulations or the Articles of Association, or falling out the scope of the authority of the general meeting.

Except for the circumstances described above, the convener shall not modify the proposals already specified in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

The general meeting shall not vote or resolve on any proposals not incorporated in the notice or not in compliance with the Articles of Association.

The convener of the general meeting shall notify the shareholders by announcement 21 days prior to the annual general meeting, and shall notify the shareholders by announcement fifteen days prior to the extraordinary general meeting. The notice shall be accompanied by the form of proxy, which shall provide the options for and against all resolutions to be proposed at the meeting.

In determining the commencement date and the period, the Company shall not include the date convening the meeting.

The notice of a general meeting shall include the following details:

- (I) the time, address and duration of the meeting;
- (II) the matters and proposals submitted to be deliberated at the meeting;
- (III) a prominent written statement that all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy need not be a shareholder of the Company;
- (IV) the record date of registration of shareholdings of shareholders who are entitled to attend the general meeting;
- (V) the name and telephone number of the permanent contact person concerning meeting matters;
- (VI) the time and procedure for voting through internet or other means;
- (VII) any other matters stipulated by laws, administrative regulations, regulatory documents, and the Hong Kong Listing Rules.

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The specific details of all proposals shall be adequately and fully disclosed in the notice and supplementary notice of the general meeting.

The interval between the record date of registration of shareholdings and the date of the meeting shall be no more than seven business days. The record date of registration of shareholdings shall not be changed once determined except for under the Hong Kong Listing Rules.

If the matters involving the election of directors are to be discussed at the general meeting, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors, which shall at least include the following:

- (I) personal particulars including full name, educational background, working experience and part-time jobs;
- (II) whether there is any connected relationship between such candidates and the Company or the controlling shareholders and de facto controllers of the Company;
- (III) disclosure of their shareholdings in the Company;
- (IV) whether the candidates have been punished by the relevant regulatory authorities and other relevant authorities or reprimanded by a stock exchange;
- (V) other matters regulated by the Hong Kong Listing Rules.

Except for the directors elected through the cumulative voting system, each candidate for director shall be individually proposed.

After the issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without any proper reasons, and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall publish an announcement stating the reasons at least two business days before the original meeting date.

Holding of General Meetings

The Board and other conveners shall have the right to take all necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities that interfere the general meetings, cause disturbances and infringe the legal interests of the shareholders, and report such activities to the relevant authorities for investigation and punishment.

All shareholders in the register of shareholders as at the record date of registration of shareholdings or their proxies shall have corresponding rights to attend and speak at the general meeting and exercise the voting rights according to applicable laws, regulations and the Articles of Association, unless he or she is required by the Hong Kong Listing Rules to abstain from voting on particular matters.

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Shareholders may either attend and exercise the voting rights at the general meeting in person, or appoint any persons (who need not be a shareholder of the Company) as their proxies to attend the meeting and exercise the voting rights within the scope of authorization. Any shareholder who is entitled to attend and vote at the general meeting shall be entitled to appoint one or more persons (who need not be a shareholder) as his/her proxy(ies) to attend and vote on his/her behalf.

When a general meeting are held, all directors and secretary to the Board of the Company shall attend the meeting, and the general manager and other senior management shall also attend the meeting on a non-voting basis.

The general meeting shall be convened by the Board and chaired by the chairman of the Board in accordance with the laws. When the chairman of the Board is unable to perform or does not perform his or her duties, a director nominated by more than half of the directors shall chair the meeting. However, the above provision shall not apply to the general meeting that should be convened and chaired by qualified shareholders as required by the Articles of Association.

The general meeting convened by shareholders shall be chaired by a representative recommended by the convener.

Where the general meeting is unable to continue due to the chairman of the meeting violating the rules of procedure of the meeting during the meeting, the general meeting may elect a person to chair the meeting upon consent of the attending shareholders with more than half of the voting rights to continue the meeting.

The Company shall formulate the rules of procedure of the general meetings which shall set out the procedures for convening and voting at the general meetings in detail, including notices, registration, consideration of proposals, voting, vote counting, announcement on poll results, formation of resolutions, meeting minutes and their signing, announcement and other matters, as well as the principles of authorization of the general meetings granted to the Board. The contents of authorization shall be clear and specific. The rules of procedure of the general meeting shall be prepared by the Board, approved at the general meeting and attached as an appendix to the Articles of Association.

Except for information that cannot be disclosed according to laws and administrative regulations or information involving with trade secrets of the Company, the directors and senior management shall make explanations and statement on the inquiries and suggestions from shareholders at the general meetings.

Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be subject to the meeting registration.

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The secretary to the Board shall be responsible for the minutes of the general meetings. The minutes shall set forth the following contents:

- (I) time, place, agenda of the meeting, name of the convener;
- (II) name of the chairman of the meeting, directors, the general manager and other senior management present or in attendance at the meeting;
- (III) number of shareholders and proxies present at the meeting, the total number of voting shares held by them and the proportion to the total shares of the Company;
- (IV) the consideration process, highlights of the speeches and poll results for each proposal;
- (V) queries or suggestions from shareholders and the corresponding replies or explanations thereto;
- (VI) name of lawyers (if any), counting officers and scrutinizers;
- (VII) such other matters which shall be recorded in the minutes specified by laws and regulations, stock exchange of the place where the shares of the Company are listed or the Articles of Association.

Conveners of the general meetings shall ensure that the contents of the minutes are true, accurate and complete. The directors present, secretary to the Board, convener or his or her representative and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance record of shareholders attending the meeting, the power of attorney for proxies attending the meeting and the valid information of voting via online voting (if any) or other methods.

The convener of the general meeting shall ensure that the general meeting is held continuously until the final resolutions are reached. In case the general meeting is adjourned or resolutions failed to be reached due to any special reasons like force majeure, necessary measures shall be taken to resume the general meeting as soon as possible or to directly terminate the general meeting. An announcement shall be made accordingly in time.

Voting and Resolutions of General Meetings

Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be passed by votes representing more than half of the voting rights held by shareholders attending the general meeting (including proxies thereof).

Special resolutions made by the general meeting shall be passed by votes representing more than two thirds of the voting rights held by shareholders attending the general meeting (including proxies thereof).

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The following matters shall be passed by way of ordinary resolutions at a general meeting:

- (I) work reports of the Board;
- (II) profit distribution plans and loss recovery plans prepared by the Board;
- (III) appointment and dismissal of the members of the Board, and their remuneration and payment methods;
- (IV) the Company's annual budget plan and final accounts plan;
- (V) annual report of the Company;
- (VI) matters other than those which shall be passed by way of special resolutions as required by laws, administrative regulations, the Hong Kong Listing Rules, or the Articles of Association.

The following matters shall be passed by way of special resolutions at a general meeting:

- (I) any increase or reduction in the registered capital of the Company;
- (II) any division, spin-off, merger, dissolution and liquidation or any changes in the form of the Company;
- (III) any amendment to the Articles of Association;
- (IV) any purchase or sale of major assets or any provision of guarantee within any one year in an amount in excess of 30% of the Company's latest audited total assets;
- (V) any equity incentive scheme;
- (VI) other matters for which special resolutions shall be passed as required by laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and identified by an ordinary resolution of the general meeting as having a significant impact on the Company.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be individuals, and a person may not serve as a Director of the Company in case of any of the following circumstances:

- (I) has no civil capacity or has limited civil capacity;
- (II) has been subject to criminal penalties due to corruption, bribery, embezzlement or misappropriation of property or sabotaging the socialist market economic order, or has been deprived of his or her political rights due to any criminal conviction, where no more than five

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years have elapsed since the date of completion of the execution of such penalty or deprivation, or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation;

- (III) has served as a former director, the factory chief or the general manager of a company or enterprise bankrupted or liquidated, and was held personally liable for the bankruptcy, and no more than three years have elapsed since the date of completion of the bankruptcy or liquidation of such company or enterprise;
- (IV) has served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to any violation of law, and was held personally liable for the revocation, and no more than three years have elapsed since the date of cancellation of business license or being ordered to close down;
- (V) has defaulted on a personal debt in a significant amount and been listed as a dishonest person subject to enforcement by the people's court;
- (VI) has been banned from entering the securities market by the relevant regulatory authorities and the period has not elapsed;
- (VII) has been publicly determined by the relevant regulatory authorities as not suitable to serve as directors or senior managers of a listed company and the term of prohibition has not expired;
- (VIII) is banned under other circumstances specified in the laws, administrative regulations, departmental rules or the Hong Kong Listing Rules. If any director is elected or appointed in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be null and void.

If a Director falls under the provisions above during his or her tenure, the Company shall dismiss a director from office.

Directors shall be elected or replaced at the general meeting. The general meeting may, subject to the provisions of relevant laws and administrative regulations, remove any director whose term of office has not expired by ordinary resolutions (the compensation claim made by such director pursuant to any contract shall not be affected).

Directors serve a term of office of three years and are eligible for re-election upon the expiration of the term. In case the term of office of an independent non-executive director exceeds nine years, the term of office shall only be renewed after fulfilling the corresponding consideration procedures under the listing rules of the place where the shares of the Company are listed.

The term of office of a director shall be calculated from the date of duty assumption until the expiration of the term of office of the current session of the Board. In the event re-election is not held in time upon the expiry of the term of office of directors that leads to the number of directors of the Board being lower than the quorum, the original directors shall fulfill duties of directors according to laws, administrative regulations, departmental rules and the Articles of Association before the newly appointed or elected directors assume the office.

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A director who resigns shall submit a written notice to the Company, and the resignation shall become effective on the date the Company receives the notice. However, in the circumstances described in the preceding article, the director shall continue to perform his/her duties.

The general meeting may resolve to remove a director, and the removal shall take effect on the date of the resolution. A director who is removed before the expiration of the term of office may request compensation from the Company.

Subject to relevant laws, administrative regulations and regulatory rules of the place where the Company's shares are listed, if the Board appoints any new director to fill any casual vacancy of the Board, the term of office of the newly appointed director shall expire on the first annual general meeting after the appointment. At the same time, such director shall be eligible for re-election.

A director may be concurrently served by the general manager or other senior management, but the total number of directors concurrently serving as the general manager or other senior management shall not exceed 1/2 of the total number of directors of the Company.

Directors shall observe the laws, administrative regulations and the Articles of Association, and shall bear the following obligations of loyalty to the Company:

- (I) Directors shall not take advantage of their powers to receive any bribes or other illegal income, and shall not embezzle any property of the Company;
- (II) Directors shall not misappropriate any funds of the Company;
- (III) Directors shall not deposit any assets or funds of the Company in any accounts opened in their own names or in the name of any other persons;
- (IV) Directors shall not directly or indirectly enter into any contracts or transactions with the Company without reporting to the Board or the general meeting on the matters relating to the entering into of such contracts or transactions and having such matters approved by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;
- (V) Without the consent of the general meeting, directors shall not take advantage of their powers to pursue any business opportunities that should belong to the Company for themselves or other persons, except for any of the following circumstances (1) after reporting to the Board or the general meeting and passing the resolution at the Board or the general meeting in accordance with the provisions of the Articles of Association; (2) where the Company cannot take such business opportunity in accordance with the provisions of laws, administrative regulations or the Articles of Association;
- (VI) Directors shall not pocket commissions from the transactions with the Company;
- (VII) Directors shall not disclose any confidential information of the Company without authorization;

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(VIII) Directors shall not utilize its related (connected) relationship to compromise the interest of the Company;

(IX) Directors shall bear other obligations of loyalty specified by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

The provisions of the preceding paragraph V shall apply to the entering of contracts or transactions with the Company by close family members of the directors and senior management, enterprises directly or indirectly controlled by the directors, senior management or their close family members, and related (connected) persons who have other related (connected) relationships with the directors and senior management.

Any income derived by a director from violating the above provisions shall belong to the Company. The director shall also be liable for the compensation of losses suffered by the Company thereto.

Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall bear the following duty of due diligence to the Company:

- (I) Directors shall prudently, seriously and diligently exercise rights conferred by the Company to ensure that the business activities of the Company are in compliance with the requirements of national laws, administrative regulations and various economic policies and that the business activities shall not exceed the scope of business specified in the business license;
- (II) Directors shall fairly treat all shareholders of the Company;
- (III) Directors shall learn about the status of business and management of the Company in a timely manner;
- (IV) Directors shall issue a written confirmation of opinions for regular reports of the Company and ensure the authenticity, accuracy and completeness of information disclosed by the Company;
- (V) Directors shall truthfully provide the relevant information and materials to the Audit Committee of the Board, and shall not hinder the Audit Committee of the Board or its members from exercising their functions and powers;
- (VI) Directors shall fulfill other duty of due diligence stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

Unless otherwise stipulated in this section, the regulations relating to the qualifications and obligations of directors in the Articles of Association shall be applicable to independent non-executive directors. Independent non-executive directors shall faithfully perform their duties, safeguard the interests of the Company, protect the legal interests of shareholders of public shares, and ensure that the interests of all shareholders can be fully represented.

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If any independent non-executive director fails to meet conditions for the qualifications and independence specified in the Hong Kong Listing Rules or encounters any other circumstances inappropriate for him or her to fulfill his or her duties such that the number of independent non-executive directors of the Company falls below the quorum in the Articles of Association, the Company shall inform the Hong Kong Stock Exchange immediately, and explain the relevant details and reasons in the announcement. The Company shall, within three months of the non-compliance, fill up the number of independent non-executive directors to meet requirements of the Hong Kong Listing Rules.

Any director who fails to attend two consecutive meetings of the Board in person and fails to entrust any other directors to attend on his or her behalf shall be deemed to be unable to perform his or her duties. The Board shall propose to the general meeting to remove such director.

A director may resign before the expiration of his or her term of office. The director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

Where the number of directors of the Board falls below the minimum number of directors stipulated in the Company Law due to the resignation of any director, the original directors shall perform their duties according to laws, administrative regulations, departmental rules and the Articles of Associations before the newly appointed or elected directors assume the office.

Except for the circumstances specified in the preceding paragraph or a later date specified in the resignation report of the director, the resignation of the director shall become effective when the resignation report is delivered to the Board.

The Company shall establish a resignation management system for directors, which specifies the safeguard measures for the accountability and recovery of unfulfilled public commitments and other outstanding matters. Upon the effectiveness of a director's resignation or the expiration of his or her term of office, the director shall complete all handover procedures with the Board and his or her duty of loyalty to the Company and its shareholders continues for two years after the end of his or her term of office. His or her obligations to keep the trade secrets of the Company confidential shall remain valid after the expiration of his or her term of office until the relevant secrets become publicly available information.

Unless otherwise specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his or her personal capacity. When a director acts in his or her personal capacity, and a third party may reasonably believe that such director is acting on behalf of the Company or the Board, the director shall declare his or her stance and capacity in advance.

If the Company suffers any losses due to a director's violation of laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his or her duties, the director shall be liable for compensation.

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The matters relating to independent non-executive directors of the Company shall be carried out according to laws, administrative regulations and regulations of the relevant regulatory authorities and stock exchange, and shall be regulated in details in the work policy of independent non-executive directors of the Company.

The Board

The Company shall establish the Board, which shall be responsible for the general meeting.

The Board shall perform the following functions:

- (I) to convene the general meeting and report to the general meeting;
- (II) to implement the resolutions of the general meeting;
- (III) to determine business operation plans and investment proposals of the Company;
- (IV) to formulate the plans for profit distribution and recovery of losses of the Company;
- (V) to formulate plans for increase or reduction of the registered capital of the Company, issuance of bonds or other securities and listing;
- (VI) to formulate plans for major acquisitions, purchase of shares of the Company, merger, division, dissolution or changes in the form of the Company;
- (VII) to determine the matters such as the Company's external investment, purchase or sales of assets, asset pledge, external guarantee, entrusted wealth management, related (connected) transactions and external donation within the scope authorized by the general meeting and the Articles of Association;
- (VIII) to decide on the setup of the internal management organization of the Company;
- (IX) to determine the appointment or dismissal of the general manager and secretary to the Board and other senior management of the Company, as well as to determine their remuneration and rewards and punishments; and based on the nomination by the general manager, to appoint or dismiss the deputy general manager, the chief financial officer and other senior management of the Company, and to determine their remuneration, rewards and punishments;
- (X) to formulate the basic management systems of the Company;
- (XI) to formulate plans for any amendments to the Articles of Association;
- (XII) to manage the disclosure of information of the Company;
- (XIII) to propose at the general meeting the appointment or replacement of the accounting firm that performs audit for the Company;

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(XIV) to receive the work report of the general manager of the Company and examine on the work of the general manager;

(XV) to formulate and implement the equity incentive plan of the Company;

(XVI) to fulfill other duties and powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the general meeting.

The limitation of the functions and powers of the Board in the Articles of Association shall not be against a bona fide third party.

Where the Board makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

Matters exceeding the scope of authorization by the general meeting shall be submitted to the general meeting for consideration.

All material matters subject to the decision-making of the Board of the Company shall be informed to all directors within the time specified in the Articles of Association, with sufficient information submitted to directors at the same time in compliance with the regulatory procedure. The directors may request for additional information. When more than one fourth of the directors or more than two independent non-executive directors consider that the information and materials are insufficient or there are other reasons that make it impossible for them to make a judgment on the matters concerned, they may jointly propose to postpone the meeting of the Board or to postpone the deliberation of part of the matters discussed by the Board, and the Board shall adopt such proposal.

The Board of the Company shall explain to the general meeting of the Company regarding the non-standard audit opinion issued by the certified public accountant on the financial reports of the Company.

The Board shall formulate rules of procedure for the Board to ensure the implementation of resolutions of the general meeting, improve work efficiency and guarantee the reasonable decision-making.

The rules of procedure of the Board shall be drafted by the Board and approved by the general meeting, which shall be taken as an appendix to the Articles of Association.

The Board shall organize relevant experts and professionals to assess major investment projects.

The Board shall have one chairman, who shall be elected by the Board by more than half of all directors. The chairman of the Board shall exercise the following functions and powers:

(I) to chair the general meeting, and to convene and chair the meetings of the Board;

(II) to sign important documents of the Board;

(III) to supervise and check the implementation of board resolutions;

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(IV) to exercise other powers granted by the Board;

(V) to exercise other powers granted by laws, administrative regulations, department rules, listing rules of the place where the shares of the Company are listed or the Articles of Association.

In the event that the chairman is incapable of performing or does not perform his or her duties, the deputy chairman shall perform his or her duties. In the event that the deputy chairman is incapable of performing or does not perform his or her duties, a director jointly nominated by more than half of the directors shall perform his or her duties.

The Board shall convene regular meetings once a year. The meeting shall be convened by the chairman. The meeting notice shall be delivered to all directors in writing fourteen days before the date of the meeting. If necessary, the meeting notice shall also be sent to the general manager and other senior management of the Company.

Shareholders representing more than 1/10 of voting rights (excluding treasury shares) of the Company, more than one-third of all directors may propose to convene an ad hoc meeting of the Board. The chairman shall convene and chair a board meeting within ten days from the receipt of such request.

The notice on convening any ad hoc meeting of the Board shall be delivered in writing 24 hours before the convening of the meeting to all directors, the general manager, and if necessary, other senior management of the Company.

The notice of the meeting of the Board shall include the following:

- (I) time and place of the meeting;
- (II) duration of the meeting;
- (III) reasons and issues of discussion;
- (IV) date on which the notice is given.

The meeting of the Board may only proceed if more than half of all directors are present at the meeting. Unless otherwise regulated by the Articles of Association, resolutions made by the Board shall be passed by votes of more than half of all directors.

The voting on board resolutions shall adopt one vote per person.

A director with related (connected) relationship with the companies involved with any matters in the resolution of the Board shall neither exercise the voting right for the resolution, nor exercise the voting right on behalf of any other directors, and his/her voting right shall not be counted towards the total voting rights. Such meeting of the Board shall only proceed if more than half of directors with no related (connected) relationship present at the meeting. Except as otherwise provided in the Articles of Association, the resolutions of the meeting of the Board shall be passed by votes of more than half of directors with no related (connected) relationship. In case there is less than three directors with no related (connected) relationship present in the meeting, the matter shall be submitted to the general meeting for review.

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The voting at the meetings of the Board shall be conducted by open ballot or by show of hands.

Unless otherwise regulated by relevant laws, administrative regulations and regulatory documents or the Hong Kong Listing Rules, subject to the thorough expression of opinions by all directors, the ad hoc meeting of the Board may be convened and pass resolutions by video conference, telephone conference or handover of written documents for signature, and all directors present at the meeting shall sign on such resolutions. If the Board has distributed the resolutions to all directors, the number of directors signing to consent the resolutions has reached the quorum, and the signed documents of the consent have been sent to the secretary of the Board through the above method, the motion will be deemed as a resolution passed by the Board, with the same legal force as the resolutions passed in the meetings of the Board convened according to the procedures regulated in relevant provisions of the Articles of Association.

The regular meetings of the Board shall not be convened in the form of handover of written documents for signature.

A director shall attend the meeting of the Board in person. Where a director is unable to attend the meeting of the Board for any reasons, he or she may appoint another director to attend on his or her behalf by a written power of attorney. The power of attorney shall specify the name of the proxy, the matters for entrustment, the scope of authorization and validity period, and shall be signed or sealed by the principal. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a meeting of the Board in person or by proxy shall be deemed to have abstained from voting at such meeting.

The Board shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors present at the meeting shall sign on the minutes. The minutes of the meetings of the Board shall be kept by the secretary of the Board as company files.

The minutes of the meeting of the Board shall include the following:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the directors present meeting of the Board, and the names of directors (proxies) present at the meeting of the Board appointed by other directors;
- (III) the meeting agenda;
- (IV) summaries of the speeches of directors;
- (V) the voting methods and results for each resolution (the voting result shall indicate the number of votes for, against or abstention).

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Special Committees of the Board

The Board of the Company shall set up three special committees including Remuneration Committee, Nomination Committee and Audit Committee. Special committees shall report to the Board, perform duties according to the Articles of Association and authorization of the Board, and submit proposals to the Board for consideration and decision. The Board shall formulate work principles for special committees and regulate the operation of special committees.

The special committees all comprise directors. The component of which are as follow:

- (I) The Audit Committee shall consist of not less than three members, all of which shall be non-executive directors, and a majority of whom shall be independent non-executive directors with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise. The chairman must be an independent non-executive director. A majority of the members of the Audit Committee shall not hold positions in the Company other than as directors and shall not have any relationship with the Company that may affect their independent and objective judgment. Employee representatives who are members of the Board of the Company may become members of the Audit Committee;
- (II) The Nomination Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be the chairman of the Board or an independent non-executive director;
- (III) The Remuneration Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be an independent non-executive director;

Audit Committee of the Board

The Company does not establish the board of supervisors, and the Audit Committee of the Board shall exercise the following functions and powers:

- (I) to review the regular report of the Company prepared by the Board and to provide comments in writing;
- (II) to inspect the financial position of the Company;
- (III) to supervise the performance of the directors and senior management and to advise the dismissal of any directors and senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (IV) to demand rectifications of the directors and senior management where their conducts are detrimental to the interest of the Company;
- (V) to propose to convene an extraordinary general meeting and to convene and chair the general meetings if the Board fails to do so as required by the Company Law;

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- (VI) to submit proposals at a general meeting;
- (VII) to institute proceedings against directors and senior management according to the Company Law;
- (VIII) to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;
- (IX) other powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the Terms of Reference of the Audit Committee of the Board.

The Audit Committee of the Board shall convene meetings at least twice a year. External auditors of the Company may request to convene a meeting if it thinks necessary. The Audit Committee of the Board shall formulate relevant rules of procedure to define the discussion method and voting procedure of the Audit Committee of the Board to ensure the work efficiency of the Audit Committee of the Board and that the decision-making process is conducted in a scientific manner.

The voting on the resolutions of the Audit Committee shall adopt one vote per person. A resolution made by the Audit Committee shall be approved by more than half of the members of the Audit Committee.

The following matters shall be approved by votes of more than half of all the members of the Audit Committee before the Board makes resolutions on them:

- (I) appointment or dismissal of the accounting firm providing audit services to the Company;
- (II) appointment or dismissal of the chief financial officer;
- (III) disclosure of financial accounting reports;
- (IV) other matters as stipulated by the securities regulatory authority of the State Council or the securities regulatory authority of the place where the Company is listed.

The power of the aforesaid special committees, as well as the remuneration and assessment mechanism for directors and senior management, are detailed in the working principles of the aforesaid special committees.

THE GENERAL MANAGER (經理) AND OTHER SENIOR MANAGEMENT

The Company shall have one general manager (經理), who shall be appointed or dismissed by the Board. The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board.

The Company shall have several senior management personnel, who shall be appointed or dismissed by the Board.

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The circumstances specified in the Articles of Association under which a director may not serve as a director shall also apply to the general manager and other senior management.

The provisions concerning the duties of loyalty and due diligence of the director specified in the Articles of Association shall also apply to the general manager and other senior management.

A personnel serving in the administrative capacity other than serving as the director and the supervisor in any controlling shareholders of the Company shall not serve as senior management of the Company.

The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

The term of office of the general manager is three years and may be renewed upon reappointment by the Board.

The general manager is responsible to the Board, and shall exercise the following functions and powers:

- (I) to be in charge of the production operation and management work of the Company, to organize the implementation of the resolutions of the Board and to report his or her work to the Board;
- (II) to organize the implementation of the annual operation plans and investment proposals of the Company;
- (III) to draft the plan for establishing the internal management body of the Company;
- (IV) to draft the basic management system of the Company;
- (V) to develop the specific rules of the Company;
- (VI) to suggest the Board on the appointment or dismissal of any deputy general manager, the chief financial officer and other senior management of the Company;
- (VII) to decide on the appointment or dismissal of management personnel other than those to be appointed or dismissed by the Board;
- (VIII) other functions and powers granted by the Articles of Association or the Board.

Where the general manager makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

The general manager shall attend meetings of the Board.

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The general manager may resign before the expiration of his or her term of office. The specific procedures and methods for the resignation of the general manager shall be determined according to the regulations of the employment contract between the general manager and the Company. The general manager shall draft the general manager's work rules and submit them to the Board for approval before implementation.

Other senior management shall be nominated by the general manager and appointed or dismissed by the Board.

The Company shall have one secretary of the Board to take charge of the preparation of the Company's general meetings and meetings of the Board, the safekeeping of documents and management of the information of the Company's shareholders, and matters like disclosure of information.

The secretary of the Board shall comply with laws, administrative regulations, departmental rules and the Articles of Association.

In case the general manager and other senior management violate the laws, administrative regulations, departmental rules or the provisions of the Articles of Association in fulfilling their duties of the Company, and as a result cause loss to the Company, they shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties and act in the best interests of the Company and all shareholders. Where any senior management of the Company fails to faithfully perform his or her duties or breaches his or her obligation of good faith and thereby causes damage to the interest of the Company and public shareholders, he or she shall be liable for compensation according to the laws.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system according to the laws, administrative regulations and the requirements of the relevant governmental authorities.

The accounting year of the Company is based on the calendar year system, which is from January 1 to December 31 of each calendar year. The Company shall prepare a financial accounting report at the end of each accounting year, which shall be audited by the accounting firms in accordance with the laws. The financial accounting report shall be prepared according to relevant laws, administrative regulations and departmental regulations.

The Company publishes financial reports that are prepared in accordance with international accounting standards or overseas accounting standards of the place where the shares are listed twice per accounting year, i.e., an interim financial report within three months after the end of the first six months of each accounting year, and an annual financial report within four months after the end of the accounting year.

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The Company publishes result announcement twice per accounting year, i.e., an interim result announcement within two months after the end of the first six months of each accounting year, and an annual result announcement within three months after the end of the accounting year.

Where the above announcements are otherwise regulated by relevant laws, administrative regulations, the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, those provisions shall prevail.

Interim result or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, as well as international accounting standards or overseas accounting standards of the place where the shares are listed.

The Company shall not establish the statutory account books accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

The Company may also contribute to the discretionary reserves from the profit after tax upon contributing to the statutory reserves, subject to the resolution of the general meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and contributing to the statutory reserves.

Profits distributed to shareholders by a resolution of a general meeting before losses have been made up and allocations have been made to the statutory reserve in violation of the requirements described above must be returned to the Company. The shareholders and the responsible directors and senior management shall be liable for compensation if the Company suffered losses therefrom.

The shares of the Company held by the Company are not entitled to any profit distribution.

The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company.

When the reserves are used to recover the losses of the Company, the discretionary reserve and the statutory reserve shall be prioritized; the capital reserve may be used in accordance with the regulations if such reserves are not sufficient to recover the losses.

The remaining statutory reserves after the conversion into capital shall be no less than 25% of the registered capital of the Company before the conversion.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company may distribute dividends through the following two methods (or through both methods simultaneously):

- (I) cash
- (II) shares.

The payment of cash dividends and other payments by the Company to the shareholders of domestic shares shall be paid in RMB. The payment of cash dividends and other payments by the Company to shareholders of unlisted foreign shares shall be denominated and declared in RMB and paid in foreign currencies. The payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be denominated and declared in RMB and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be handled according to the relevant national regulations on foreign exchange management.

Unless otherwise stipulated by relevant laws and administrative regulations, if the cash dividends and other payments are paid in Hong Kong dollars, the exchange rate shall be the average selling price of relevant foreign currencies announced by the People's Bank of China one calendar week before the date of declaration of dividends and other payments.

Internal Audit

The Company shall adopt an internal audit system and designate full-time auditors to supervise the internal audits of financial incomes and expenses as well as the business activities of the Company.

The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that meets the requirements of laws and regulations and has a good reputation to conduct the audit of accounting statements, verification of net assets and other relevant consulting services for a period of one year, which may be renewed.

The decision on the appointment, dismissal or non-renewal of the accounting firm shall be made by the general meeting.

The Company shall ensure that it will provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm appointed without any objection, omission or falsehood.

The audit expenses of the accounting firm shall be determined by the general meeting.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

In the event of termination of the appointment or non-renewal of the appointment of the accounting firm, the Company shall notify the accounting firm 15 days in advance. In the voting for the dismissal of the accounting firm at the general meeting, the Company shall allow the accounting firm to make its representation. If the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has improper matters..

If the position of an appointed accounting firm is vacant, the Board may, before convening the general meeting, appoint an accounting firm, provided that such appointment shall be confirmed at the next general meeting. However, if the Company has other incumbent accounting firm during the vacant period, such accounting firm shall still perform their duties.

An accounting firm that is resigning may leave a written notice at the registered office of the issuer. The notice shall include one of the following statements:

- (I) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of shareholders or creditors of the issuer;
- (II) Any statements that shall be accounted for;
- (III) Such notices shall become effective on the date on which they are deposited at the registered office of the issuer or on such later date as may be specified in the notices.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The Company may engage in activities of merger or division according to laws.

A merger by absorption shall refer to that a company absorbs another company, and the company being absorbed shall be dissolved. A merger by establishment of a new company shall refer to that a new company is established as a result of a merger of two or more companies, and the companies being merged shall be dissolved.

In a merger of companies, all parties to the merger shall sign a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall notify the creditors within 10 days upon the passing of the resolution about merger and publish an announcement within 30 days.

The creditors may require the Company to pay off the debts or provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

Once the companies are merged, their creditors' rights and debts shall be assumed by the surviving company or the newly formed company after the merger.

Where a company is divided, its assets shall be divided accordingly.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Where the company is divided, a balance sheet and a checklist of assets shall be prepared. The Company shall notify the creditors within 10 days upon the passing of the resolution about division and publish an announcement within 30 days.

The divided companies shall bear joint and several liability for debts of the pre-division company, unless otherwise stipulated in the written agreement between the Company and the creditors in relation to the repayment of debts prior to the division.

A company which intends to reduce its registered capital shall prepare a balance sheet and a checklist of assets.

The Company shall notify the creditors within 10 days upon the passing of the resolution about the reduction in the registered capital and publish an announcement within 30 days. The creditors shall be entitled to require the Company to pay off the debts or to provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum amount.

In case of merger or division, the Company shall register changes in particulars of the companies with the company registration authority in accordance with laws. In case of dissolution, the Company shall register the cancellation of a company according to laws. In case of incorporation of a new company, the Company shall register the incorporation of a company in accordance with laws.

In case of any increase or reduction in the registered capital, the Company shall register the changes with the company registration authority in accordance with laws.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

- (I) the expiration of the business period or other reasons for dissolution specified in the Articles of Association;
- (II) the general meeting adopts a resolution to dissolve the Company;
- (III) dissolution is required due to the merger or division of the Company;
- (IV) the Company's business license is revoked, or it is ordered to close down or wind up in accordance with laws;
- (V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial losses to the interests of shareholders, and no solution can be found through any other channel, shareholders holding more than 10% of the voting rights of the Company may request the People's Court to dissolve the Company.

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If the Company has any reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

If the Company is in the situation as described in items (I), (II) of the preceding paragraph and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the general meeting.

The amendment of the Articles of Association or the resolution of the general meeting as per the preceding paragraph must be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved under the circumstances in items (I), (II), (IV) and (V) of the preceding paragraph, the Company shall establish a liquidation group within 15 days from the date of the occurrence of the cause of dissolution to carry out the liquidation. The liquidation group shall consist of persons determined by directors or by the general meeting. The liquidation obligors shall bear the liability for damages suffered by the Company or creditors due to their failure to perform the obligations of liquidation in a timely manner. If the Company fails to establish a liquidation group within the specified time, or such group does not carry out liquidation after the establishment, the interested person may apply to the People's Court for appointment of relevant persons to establish a liquidation group to carry out the liquidation.

After checking the assets of the Company and preparing the balance sheet and checklist of assets, if the liquidation group discovers that the Company does not have sufficient assets to settle its debts, the liquidation group shall immediately file a bankruptcy liquidation application to the People's Court.

After the bankruptcy application is accepted by the People's Court, the liquidation group shall hand over the liquidation matters to the trustee in bankruptcy designated by the People's Court.

Upon the completion of the liquidation, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation and submit it to the company registration authority to apply for deregistration of the Company and announce the termination of the Company.

Members of the liquidation group shall perform their liquidating duties and have obligations of fidelity and diligence.

Where any member of the liquidation group fails to perform liquidation duties and causes losses to the Company, the said member shall be liable for compensation; where he/she causes any loss to the Company or creditors with will or serious negligence, the said member shall be liable for compensation.

Where the Company is declared bankrupt according to laws, the Company shall implement bankruptcy liquidation according to laws relating to bankruptcy of enterprises.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

AMENDMENT TO THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

- (I) upon amendments to the Company Law, laws, administrative regulations, departmental rules, regulatory documents, or listing rules of the place where the shares of the Company are listed, any terms contained in the Articles of Association become inconsistent with the provisions abovementioned;
- (II) a change in the Company causes inconsistency with those contained in the Articles of Association;
- (III) a resolution being passed by the general meeting to amend the Articles of Association.

The amendment of the Articles of Association shall be in accordance with the following procedures:

- (I) the Board shall pass a resolution about the amendment of the Articles of Association, and formulate a proposal for amending the Articles of Association;
- (II) the Board shall convene a general meeting to vote on the proposal to amend the Articles of Association;
- (III) the general meeting shall approve the amendment to the Articles of Association by special resolution;
- (IV) the Company shall submit the amended Articles of Association to the Company for filing with the competent administration for market regulation of the Company for record.

Any amendment to the Articles of Association passed by way of resolution at the general meeting shall be submitted to relevant competent authorities for approval if required. If there is any change relating to the registered particulars of the Company, application shall be made for the changes in accordance with the laws.

The Board shall amend the Articles of Association according to the resolution on the amendment of the Articles of Association passed at the general meeting and the review and approval opinions of the relevant competent authority.

Any amendment to the Articles of Association shall be subject to announcement if so required by relevant laws and administrative regulations.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on July 12, 2011, and further converted into a joint stock company with limited liability on December 11, 2025.

As of the date of this Document, our registered office and head office are located at Building B2, Hefei Innovation Industrial Park Phase 3, Intersection of Jiangjunling Road and Wanshui Road, High-Tech Zone, Hefei, Anhui Province, PRC. Accordingly, our Company’s corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of the Articles of Association of the Company” in Appendix III to this Document.

Our Company has established a principal place of business in Hong Kong SAR at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company [has] been registered with the Registrar of Companies in Hong Kong SAR as a non-Hong Kong company under Part 16 of the Companies Ordinance. Ms. Au Ching (歐正), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong SAR. The address for the service of process is the same as our principal place of business in Hong Kong SAR.

2. Changes in Share Capital of Our Company

As of the date of our establishment, our registered capital was US\$200,000. On December 11, 2025, our Company was converted into a joint stock company with limited liability under the Company Law. Upon completion of such conversion, the share capital of our Company was RMB27,181,724 divided into 27,181,724 Shares with a nominal value of RMB1.00 each. The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Document:

On December 24, 2025, the registered capital of our Company increased from RMB27,181,724 to RMB30,886,218.

Save as disclosed above and in the section headed “History, Development and Corporate Structure” in this Document, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountant’s Report as set out in Appendix I to this Document.

There has been no alteration in the share capital of any of our subsidiaries within two years immediately preceding the date of this Document.

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4. Resolutions of Our Shareholders in Relation to the [REDACTED]

At the general meeting of our Company held on January 13, 2026, among other things, the following resolutions were passed by the Shareholders:

- (i) the [REDACTED] by our Company of [REDACTED] of the nominal value of RMB1.00 each and such [REDACTED] be [REDACTED] on the Stock Exchange;
- (ii) that the number of [REDACTED] to be [REDACTED] shall not be more than 25% of the total issued share capital of our Company as enlarged by the [REDACTED] (without taking into account the [REDACTED] which may be [REDACTED] pursuant to the exercise of the [REDACTED]), and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED] of the number of [REDACTED] [REDACTED] pursuant to the [REDACTED];
- (iii) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED], and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities;
- (iv) authorization of the Board and its authorized persons to amend the resolutions in accordance with the requirements of competent regulatory authorities, and deal with the specific implementation; and
- (v) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED].

5. Restriction on Share Repurchases

For details of the restrictions on the share repurchase by our Company, please refer to “Summary of the Articles of Association of the Company” in Appendix III to this Document.

6. Corporate Reorganization

We have not gone through any corporate reorganization for the purpose of the [REDACTED]. For details of the history and development of our Company, see “History, Development and Corporate Structure”.

7. Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) has been entered into by us within the two years preceding the date of this Document and are or may be material:

- (a) [REDACTED]

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8. Intellectual Property Rights of Our Group

(a) Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
1.	Image defect detection and processing method (一種圖像壞點檢測及處理方法)	Our Company	PRC	201610654219.2	July 10, 2018
2.	Adaptive shared bus startup acceleration method for multi-processor systems (一種多處理器系統的自適應共享總線啟動加速方法)	Our Company	PRC	201510398960.2	July 13, 2018
3.	Dynamic frequency scaling method based on multi-processor systems (基於多處理器的動態調頻方法)	Our Company	PRC	201510709459.3	March 26, 2019
4.	Illumination estimation method for image color constancy (一種圖像色彩恒常性的光照估計方法)	Our Company	PRC	201610537416.6	June 25, 2019
5.	Node device and scheduling control method and medium for wireless self-organizing networks (無線自組織網絡的節點裝置及調度控制方法和介質)	Our Company	PRC	201711093530.5	April 6, 2021

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No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
6.	Communication method, communication device, and medium for wireless self-organizing networks (無線自組織網絡的通信方法和通信裝置及介質)	Our Company	PRC	201711093532.4	December 8, 2020
7.	Hybrid automatic repeat request method and device (一種混合自動重傳請求方法及裝置)	Our Company	PRC	201810255489.5	June 22, 2021
8.	Adaptive retransmission merging method, system, and medium in wireless communication systems (無線通訊系統中自適應重傳合併方法、系統及介質)	Our Company	PRC	201910407387.5	December 24, 2021
9.	Radar signal detection method, system, and medium in wireless communication systems (無線通訊系統中雷達信號檢測的方法、系統及介質)	Our Company	PRC	201910376277.7	June 15, 2021
10.	Configurable activation function device and method for deep learning hardware accelerators (適用於深度學習硬件加速器的可配置激活函數裝置及方法)	Our Company	PRC	201910344947.7	September 7, 2021

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No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
11.	Configurable precision convolution hardware structure for deep learning hardware accelerators (適用於深度學習硬件加速器的可配置精度的卷積硬件結構)	Our Company	PRC	201910310573.7	November 16, 2021
12.	Node device and scheduling control method and medium for wireless self-organizing networks (repeated) (無線自組織網絡的節點裝置及調度控制方法和介質)	Our Company	PRC	202011299770.2	April 26, 2022
13.	Node device and scheduling control method and medium for wireless self-organizing networks (repeated) (無線自組織網絡的節點裝置及調度控制方法和介質)	Our Company	PRC	202011299767.0	July 8, 2022
14.	Robot vacuum full coverage path planning method (一種掃地機全覆蓋路徑規劃方法)	Our Company	PRC	201811616404.8	October 11, 2022
15.	Multi-precision neural network model implementation method and system (多精度神經網絡模型實現方法及系統)	Our Company	PRC	202110753398.6	November 8, 2022
16.	Adaptive timing dynamic comparator (一種無線自組織網絡的多用戶測距方法及系統)	Our Company	PRC	202110752864.9	November 15, 2022

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No.	Patent	Patentee	Place of Registration	Patent Number	Grant Date
17.	Multi-user ranging method and system for wireless self-organizing networks (自適應時序的動態比較器)	Our Company	PRC	201910474197.5	April 14, 2023
18.	Method and medium for eliminating lateral chromatic aberration in lenses implemented on image processors (基於圖像處理器實現的消除鏡頭橫向色差的方法及介質)	Our Company	PRC	202010022469.0	May 23, 2023
19.	Phase-locked loop anti-frequency overshoot circuit (鎖相環防頻率過沖電路)	Our Company	PRC	201910300471.7	May 23, 2023
20.	Infrared image super-resolution reconstruction method based on deep neural networks (一種基於深度神經網絡的紅外圖像超分辨率重建方法)	Our Company	PRC	202210446873.X	May 3, 2024
21.	Infrared image super-resolution reconstruction method based on channel-separated deep neural networks (一種基於通道分離深度神經網絡的紅外圖像超分辨率重建方法)	Our Company	PRC	202211234391.4	July 25, 2025

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(b) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
1.	RobotEye	PRC	37157173	Our Company	9	February 28, 2020	February 27, 2030
2.	RobotEye	PRC	37155979	Our Company	35	February 21, 2020	February 20, 2030
3.	RobotEye	PRC	37145078	Our Company	38	November 28, 2019	November 27, 2029
4.	RobotEye	PRC	37161277	Our Company	42	February 21, 2020	February 20, 2030
5.		PRC	37144847	Our Company	9	May 07, 2020	May 06, 2030
6.		PRC	37155972	Our Company	35	December 21, 2019	December 20, 2029
7.		PRC	37151457	Our Company	38	December 21, 2019	December 20, 2029
8.		PRC	37165658	Our Company	42	January 28, 2020	January 27, 2030
9.		PRC	37152984	Our Company	9	May 07, 2020	May 06, 2030
10.		PRC	37149630	Our Company	35	March 14, 2020	March 13, 2030
11.		PRC	37145107	Our Company	42	March 14, 2020	March 13, 2030

(ii) Trademarks under Application

As of the Latest Practicable Date, we had also applied for the registration for the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Application No.	Applicant	Class	Application Date
1.		Hong Kong	T017093281	Our Company	16	December 31, 2025

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(c) Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Version	Owner	Copyright Number	Registration Date	Place of Registration
1.	Coolchip AR8030 PC-Tool Management Platform (酷芯AR8030 PC-Tool管理平臺)	V1.0.2	Our Company, Shanghai Kuxin Semiconductor	2024SR0520293	April 18, 2024	PRC
2.	Coolchip ARFaceManager Management Platform (酷芯ARFaceManager 管理平臺)	V1.8.7	Our Company, Shanghai Kuxin Semiconductor	2024SR0520295	April 18, 2024	PRC
3.	Coolchip Image Objective Quality Testing Automation Control System (酷芯圖像客觀質量測試自動化控制系統)	V1.0.3	Our Company, Shanghai Kuxin Semiconductor	2024SR0520292	April 18, 2024	PRC
4.	Coolchip Intelligent TOF Passenger Flow Statistics System (酷芯智能TOF客流統計系統)	V2.0.1	Our Company, Shanghai Kuxin Semiconductor	2024SR0520289	April 18, 2024	PRC
5.	Coolchip SDK Graphical Configuration Development System (酷芯SDK圖形化配置開發系統)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520296	April 18, 2024	PRC
6.	Coolchip Infrared Sight Application System (酷芯紅外瞄具應用系統)	V1.0.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520288	April 18, 2024	PRC

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No.	Copyright Name	Version	Owner	Copyright Number	Registration Date	Place of Registration
7.	Coolchip Product Mass Production Testing Software (酷芯產品量產測試軟件)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520294	April 18, 2024	PRC
8.	Coolchip AR9341 Image Quality Debugging Software (酷芯AR9341圖像質量調試軟件)	V0.16.01	Our Company, Shanghai Kuxin Semiconductor	2024SR0520291	April 18, 2024	PRC
9.	Coolchip AR9411 Image Quality Debugging Software (酷芯AR9411圖像質量調試軟件)	V0.16.01	Our Company, Shanghai Kuxin Semiconductor	2024SR0520290	April 18, 2024	PRC
10.	Coolchip Studio Toolchain Development Platform (酷芯Studio工具鏈開發平臺)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2024SR0520287	April 18, 2024	PRC
11.	Coolchip Intelligent Panel Access Control System (酷芯智能面板機門禁系統)	V1.2	Our Company	2022SR1157293	August 17, 2022	PRC
12.	Coolchip FPV Drone Interface Software (酷芯FPV無人機界面軟件)	V1.0	Our Company, Shanghai Kuxin Semiconductor	2025SR2506549	December 26, 2025	PRC
13.	Coolchip AR8030 Android-Tool Management Platform (酷芯AR8030 Android-Tool管理平臺)	V1.0.3	Our Company, Shanghai Kuxin Semiconductor	2025SR2509437	December 26, 2025	PRC
14.	Coolchip Host Computer SDK Software (酷芯AR8030上位機SDK軟件)	V1.0.2	Our Company, Shanghai Kuxin Semiconductor	2025SR2509446	December 26, 2025	PRC

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(d) Domain Name

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain name in the PRC which we consider to be or may be material to our business:

No.	Domain	Registered Owner	Registration Date	Expiry Date
1.	artosyn.cn	Our Company	February 25, 2016	February 25, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

B. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(i) Disclosure of Interests

Save as disclosed below, immediately following completion of the [REDACTED] and the [REDACTED] into [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Positions	Nature of Interest	Description of Shares	As of the Latest Practicable Date Number of Shares held ⁽¹⁾	Shares held immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)		
					Number of Shares held ⁽¹⁾	% of shareholding in the H Shares ⁽²⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾
Mr. Yao ⁽³⁾	Director	Beneficial owner	Unlisted Shares	2,130,882	[REDACTED]	[REDACTED]	[REDACTED]
		Interests in controlled corporation	Unlisted Shares	900,000	[REDACTED]	[REDACTED]	[REDACTED]
		Interest of person acting in concert	Unlisted Shares	7,113,537	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Shen ⁽³⁾	Director	Beneficial owner	Unlisted Shares	2,356,287	[REDACTED]	[REDACTED]	[REDACTED]
		Interests in controlled corporation	Unlisted Shares	2,802,096	[REDACTED]	[REDACTED]	[REDACTED]
		Interest of person acting in concert	Unlisted Shares	4,986,036	[REDACTED]	[REDACTED]	[REDACTED]

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					Shares held immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)		
As of the Latest Practicable Date							% of
			Description of Shares	Number of Shares held ⁽¹⁾	Number of Shares held ⁽¹⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾
Name	Positions	Nature of Interest				H Shares ⁽²⁾	
Mr. Zhong ⁽³⁾	Director	Beneficial owner	Unlisted Shares	1,955,154	[REDACTED]	[REDACTED]	[REDACTED]
		Interest of person acting in concert	Unlisted Shares	8,189,265	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] and [REDACTED] in issue immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised).
- (3) As of the Latest Practicable Date, Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan directly held 2,130,882 Shares, 2,356,287 Shares, 1,955,154 Shares, 1,437,066 Shares, 1,365,030 Shares and 900,000 Shares, respectively. Pursuant to the Concert Party Agreement entered into among Mr. Yao, Dr. Shen, Mr. Zhong, Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan (together, the “Concert Parties”) dated January 5, 2026, all the Concert Parties (i) have acknowledged and confirmed that, since January 1, 2017 (or in the cases of Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan, since their respective establishment in 2019), they have been acting in concert in matters in relation to, inter alia, the Company’s operation and management, and exercising the Shareholders’ rights, including but not limited to the right vote at general meetings of our Company and the right to propose resolutions, in accordance with the consensus achieved among them, (ii) agreed to continue such acting in concert relationship so long as they are directly or indirectly interested or hold directorship of the Company, and (iii) Shanghai Lingmou, Shanghai Huimou and Shanghai Jixuan shall act in accordance with the consensus achieved among Mr. Yao, Dr. Shen, Mr. Zhong. As such, each of the Concert Parties is deemed to be interested in the Shares the other is interested under the SFO.

(ii) Particulars of Service Contracts

Each of our Directors [has] entered into a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors’ Remuneration

For details of the Directors’ remuneration, see “Directors and Senior Management — Remuneration of Directors and Five Highest Paid Individuals” and Notes 8 and 9 to the Accountants’ Report as set out in Appendix I to this Document.

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2. Substantial Shareholders

(i) *Interest in the Shares of Our Company*

For information on the persons who will, immediately following the completion of the [REDACTED], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any meeting of our Company, see “Substantial Shareholders.”

Save as disclosed in the section headed “Substantial Shareholders” in this Document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED], having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

(ii) *Interest in the Shares of Our Company’s Subsidiaries*

As of the Latest Practicable Date, so far as our Directors are aware, no person (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group.

3. Disclaimers

- (i) Save as disclosed in “History, Development and Corporate Structure” and this Appendix, none of our Directors or any of the parties listed in “— E. Other Information — 7. Qualifications and Consents of Experts” in this section:
 - (a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or
 - (b) is materially interested in any contract or arrangement subsisting at the date of this Document that is significant in relation to our business;
- (ii) Save as disclosed in this Appendix and in connection with the [REDACTED], none of the parties listed in “— E. Other Information — 7. Qualifications and Consents of Experts” in this section:
 - (a) is interested legally or beneficially in any Shares in any member of our Group; or
 - (b) has any right (whether legally enforceable or not) to [REDACTED] or to nominate persons to [REDACTED] any securities in any member of our Group;

APPENDIX IV

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- (iii) None of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and
- (iv) Save as disclosed in “Substantial Shareholders,” none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the [REDACTED] are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

C. [REDACTED] EMPLOYEE INCENTIVE SCHEME

The following is a summary of the principal terms of a [REDACTED] employee incentive scheme (the “**Scheme**”), which were approved and adopted by the Company on October 10, 2024. Given the underlying Shares under the Scheme had already been issued by the Company to the relevant [REDACTED] Employee Incentive Platforms in accordance with terms of the Scheme, there will not be any dilution effect on the issued share capital at our Company. The terms of the Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Scheme does not involve the grant of share awards by our Company to [REDACTED] [REDACTED] after the [REDACTED].

Under the Scheme, Eligible Participants (as defined below) were granted partnership interests in the [REDACTED] Employee Incentive Platforms, namely Shanghai Huimou, Shanghai Lingmou, Shanghai Jixuan and Shanghai Yuegan. For further details of the [REDACTED] Employee Incentive Platform, please refer to “History, Development and Corporate Structure — Employee Incentive Platforms” in this Document.

(a) Purpose

The main purpose of the Scheme is to improve the governance structure of the Company, establish a long-lasting incentive mechanism of the Company, in order to enhance its cohesion and promote its continued growth, balancing the long-term interests of both employees and the Company.

(b) Administration

The Scheme shall be reviewed, amended and terminated by the Board. A department designated by the executive chief officer of our Company shall serve as the standing executive management body for the Scheme, responsible for their implementations.

The respective general partners of each [REDACTED] Employee Incentive Platform shall be responsible for the administration of each [REDACTED] Employee Incentive Platform and may exercise the voting rights attaching to the Shares held by them.

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(c) Eligible Participants

Persons eligible to participate in the Scheme include the following:

- i. Current senior management personnel and core research and development staff who have made outstanding contributions to the Company's development;
- ii. Current personnel with development potential who are essential for the Company's future sustainable growth;
- iii. Senior management personnel and research and development staff whose recruitment is imperative for the Company's future sustainable development; and
- iv. Other employees deemed worthy of incentive by the department designated by the executive chief officer of our Company for their positive impact on the Company's operational performance and future development.

(d) Transfer and Sale Restrictions

Prior to the [REDACTED], in accordance with the terms of the Scheme, no Eligible Participant shall in any way transfer his or her partnership interest in the [REDACTED] Employee Incentive Platforms without the consent of the relevant general partner of each [REDACTED] Employee Incentive Platform.

After the [REDACTED] and the Shares are free of other applicable sale restrictions, and subject to applicable laws, rules, regulations and requirements by securities regulators and relevant stock exchange, Eligible Participants shall remain subject to certain sale restrictions as stipulated in the terms of the Scheme, which stipulate that a 10-day written notice is required for any proposed disposal of the Shares representing interests owned by the Eligible Participant.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

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3. The Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], the [REDACTED] and the [REDACTED] to be [REDACTED] pursuant to the [REDACTED]. All necessary arrangements have been made to enable our H Shares to be admitted into [REDACTED].

The Sole Sponsor has confirmed that they satisfy the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

The total amount of sponsor’s fee in connection with the [REDACTED] is USD500,000.

4. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong SAR stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong SAR stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

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7. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
Jingtian & Gongcheng	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry Consultant
KPMG	Certified Public Accountants
	Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Commerce & Finance Law Offices	Legal advisors to our Company as to U.S. Outbound Investment Rule, U.S. export control and international sanctions

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to [REDACTED] or to nominate persons to [REDACTED] securities in any member of our Group.

8. Promoters

The promoters of our Company are all of the then Shareholders as of December 11, 2025, immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] and the related transactions described in this Document.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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10. Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since September 30, 2025 being the date of our combined financial statements as set out in "Accountants' Report" in Appendix I to this Document up to the date of this Document.

12. Miscellaneous

- (i) Save as disclosed in "History, Development and Corporate Structure" and this Appendix and in connection with the [REDACTED], within the two years immediately preceding the date of this Document:
 - (a) no share or loan capital of our Company or any of its subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries;
 - (c) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and
 - (d) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries;
- (ii) We have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iii) There are no arrangements under which future dividends are waived or agreed to be waived;
- (iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this Document;
- (vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong SAR from outside Hong Kong SAR;

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- (vii) No part of the equity or debt securities of our Company or any member of our Group, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (viii) Our Company has no outstanding convertible debt securities or debentures.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong SAR for registration were:

- (a) a copy of each of the material contracts referred to in the sub-section headed “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 7. Summary of Material Contracts”; and
- (b) the written consents referred to in the sub-section headed “Appendix IV — Statutory and General Information — D. Other Information — 7. Qualifications and Consents of Experts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.artosyn.cn up to and including the date which is 14 days from the date of this Document:

- (a) the Articles of Association of the Company;
- (b) the Accountant’s Report from KPMG, the text of which is set out in “Appendix I — Accountant’s Report” to this Document;
- (c) the report on the [REDACTED] financial information of our Group from KPMG, the text of which is set out in “Appendix II — [REDACTED] Financial Information” to this Document;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2023 and 2024;
- (e) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this Document;
- (f) the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of certain aspects of our Group;
- (g) the memorandum of advice issued by Commerce & Finance Law Offices, the legal advisors of our Company as to U.S. Outbound Investment Rule, U.S. export control and international sanctions;
- (h) the material contracts referred to in the sub-section headed “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 7. Summary of Material Contracts”;
- (i) the written consents referred to in the sub-section headed “Appendix IV — Statutory and General Information — D. Other Information — 7. Qualifications and Consents of Experts”;

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**DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES AND AVAILABLE ON DISPLAY**

- (j) the service contracts and the letters of appointment referred to in the sub-section headed “Appendix IV — Statutory and General Information — B. Further Information about our Directors and Substantial Shareholders — 1. Directors — (ii). Particulars of Service Contracts”; and
- (k) a copy of each of the Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines on the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations.