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OVERVIEW

We are a provider of intelligent manufacturing software solutions (“IMSS”) in the pan-semiconductor industry in China. We specialize in the research, development, and commercialization of IMSS tailored for advanced manufacturing employed in the pan-semiconductor industry. We ranked the third in China’s pan-semiconductor IMSS market and we ranked second among the domestic providers in China’s pan-semiconductor IMSS market in terms of revenue in 2025, holding approximately 12% of the total market share in 2025. According to Frost & Sullivan, China’s pan-semiconductor IMSS market is a sub-sector of China’s IMSS market, represented approximately 4.4% of the overall market in 2025, in terms of sales revenue. According to Frost & Sullivan, China’s IMSS market is relatively fragmented with top 5 players taking 25.8% of the market in 2025. In China’s IMSS market, we ranked 16th with a market share of 0.5% in terms of revenue of IMSS in 2025.

Our IMSS are designed and developed to integrate with the manufacturing processes and techniques in the pan-semiconductor industry and are able to address the specific features of the pan-semiconductor manufacturing processes which are complex, involving numerous steps, a wide range of precision equipment, requiring real-time coordination, system stability and high level of precision. The high level of precision is typically required at sub-micron levels, focusing on extreme tolerance control, material purity, and structural stability. Key elements include precise motion control, vacuum compatibility, thermal stability, and high-purity materials to prevent defects and ensure high yield. Such manufacturing processes, therefore, demand sophisticated software solutions to manage their complex systems for advanced manufacturing. Our solutions offering covers the entire value chain, from production data acquisition, equipment connectivity, production process management to big data analytics and AI-driven applications, to enable our customers in the pan-semiconductor industry to achieve digitalized manufacturing, enabling precise control, yield enhancement, seamless data flow and integration as well as cost reduction.

Our IMSS are able to achieve full automation of manufacturing facilities of various sectors of the pan-semiconductor industry, covering equipment connectivity, automation of the entire manufacturing process and logistics control on the factory level to optimize production process, enhance execution efficiency of central control personnel and assist critical decision-making. Since our inception, we have strategically focused on the semiconductor industry, utilized new technologies such as AI, IoT, big data analytics and automation to provide tailored-made IMSS to our customers.

Products we sold to our customers are software products which constitute the IMSS. Depending on customers’ requirements, we provide software solution to our customers by offering software products which can be purchased on a standalone basis or in a combination of various software products across different platforms. We group our software products under five platforms depending on the key functions and technology and their different target usage scenarios by customers. The five platform are, (i) manufacturing operations platform; (ii) integrated automation platform; (iii) intelligent control and digitalization platform; (iv) intelligent big data engine platform; and (v) digital equipment platform.

Our manufacturing operations platform and integrated automation platform include software products which constitute the CIM system. Through the use of IoT, real-time data and optimization algorithms, our CIM system is able to achieve automation of the entire production process, and fully integrate various functions in the production process, including material control, production planning and scheduling, logistics management, production equipment and production line automation to quality control processes.

AI technologies are widely adopted in our software products in our intelligent control and digitalization platform, the use of remote control technologies and deep learning models enable devices to autonomously execute tasks via system commands, it greatly reduces the need for on-site worker monitoring or manual oversighting operations. Thereby, software products under this platform are to facilitate higher efficiency for upgrading the existing production process.

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Our intelligent big data engine platform employs key technologies, including statistical and machine learning algorithms and big data analytics. For targeted upgrade of existing production process data from our manufacturing operations platform and integrated automation platform is gathered, analyzed to optimize production yield and quality control, enable real-time fault detection and assist in the prediction of equipment failures.

Our digital equipment platform adopts module systems to achieve internal control of equipment data conversion, thereby enabling automated equipment production control during the production process and achieving integration and interoperability with our CIM systems.

Since our establishment in 2007, our founder, Mr. Sun, captured the development opportunities in semiconductor industry to become an IMSS provider with self-developed CIM system. In 2010, we launched our first 8-inch semiconductor manufacturing execution system. In early 2023, we successfully delivered the domestically-developed CIM system with core manufacturing execution system for the 12-inch front-end 18-nanometer process. We achieved technological breakthroughs of delivering 12-inch CIM integration that eliminated critical supply chain dependencies and optimizing fabrication processes with high automation execution rates, demonstrating proven scalability across multiple leading fabs.

In recent years, harnessing the development of AI, we are further refining and advancing our IMSS. With our research and know-how in the pan-semiconductor industry, we introduced our AI-empowered IMSS for different manufacturing scenarios in the pan-semiconductor industry. Our AI models continuously learn from production and operational data, achieving self-perception, self-learning, and assisting in decision-making, helping production lines increase capacity and quality while reducing loss costs. By integrating computer vision and deep learning technologies, we provide control solutions where feedback from one part of the system is used to continuously improve and optimize another part, creating a cycle of real-time data integration and corrective actions, thereby enhance factory efficiency.

Our extensive experience in the IMSS market has earned us numerous awards and honours, and we serve a diversified customer base across the pan-semiconductor industry. In each year during the Track Record Period, we engaged business relationship with 134, 147 and 198 customers who purchased our IMSS products, respectively. In addition, we have maintained business relationship with leading and small-to-medium manufacturing enterprises in the pan-semiconductor industries. Revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB89.7 million, RMB116.2 million and RMB69.4 million, respectively, accounting for 54.2%, 46.7% and 23.1% of our revenue in the respective years.

During the Track Record Period, we generated substantial portion of revenues from IMSS and to a less extent from maintenance services. Our revenue increased from RMB165.5 million in 2023 to RMB248.9 million in 2024 and further to RMB300.3 million in 2025, among which revenues from our IMSS represented 99.0%, 99.1% and 99.3% of our total revenue for the respective years. Our software solutions under our CIM system contributed 82.7%, 78.5% and 71.6% of our total revenues in 2023, 2024 and 2025, respectively. We have also demonstrated our ability to successfully commercialize our solutions and services.

We are a commercial company as defined under subcategory of Advanced Manufacturing of Chapter 18C of the Listing Rules. Our IMSS in our five platforms utilize technologies including IoT, statistical and machine learning algorithms, big data analytics, deep learning models and remote control technologies, to enable our customers in the pan-semiconductor industry to achieve digitalized manufacturing.

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The IMSS in our five platforms developed by us encompass all the featuring characteristics of Advanced Manufacturing (i.e., automation, computation, software, sensing, and/or networking). For more information about how our solutions fall within acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules, please refer to “Business — Specialist Technology Products under Chapter 18C of the Listing Rules”.

Our Market Opportunities

China’s IMSS market increased from RMB40.3 billion in 2021 to RMB55.5 billion in 2025 with a CAGR of 8.4%, and is expected to reach RMB93.4 billion in 2030 with a CAGR of 12.0%, in terms of sales revenue. Among China’s IMSS market, China’s pan-semiconductor IMSS market amounted to RMB1.3 billion in 2021, which increased to RMB2.5 billion in 2025 with a CAGR of 17.2%. The market is expected to reach RMB7.2 billion by 2030, reflecting a CAGR of 25.0% during 2026 to 2030.

The pan-semiconductor industry is growing rapidly as a key driver of technology advancement, creating significant development opportunities for us. In terms of industry prospects, sectors comprising semiconductor, display panel, PCB, and photovoltaic within it boast vast market opportunities. China’s semiconductor market increased from RMB1,348 billion in 2021 to RMB1,874 billion in 2025 with a CAGR of 8.6%, and it is further expected to reach RMB3,633 billion in 2030, with a CAGR of 12.9%. The market size of China’s display panel industry has experienced significant growth from 2021 to 2025, increasing from RMB0.6 trillion to RMB1.4 trillion with a CAGR of 24.2%. It will reach RMB5.4 trillion in 2030, with a CAGR of 32.0%. China’s PCB industry’s production value has reached from RMB37.3 billion in 2021 to RMB53.6 billion in 2025, with a CAGR of 9.5%. It is expected to reach RMB74.4 billion in 2030, with a CAGR of 6.0%. As for photovoltaic industry, China’s cumulative installed photovoltaic capacity has seen a substantial increase from 321.7 GW in 2021 to 1,200.0 GW in 2025 with a CAGR of 39.0%, and will reach 7,862.4 GW in 2030, with a CAGR of 49.8%.

Data-driven AI large models will be more widely and deeply applied in IMSS for manufacturing employed in the pan-semiconductor industry. Domestic manufacturers are continuously making breakthroughs in product stability and technology comprehensiveness, capturing the inevitable trend for self-reliance and stability. The industry is transitioning from traditional production to overall solutions for AI production applications in response to the market demand, and Chinese manufacturers are accelerating their pace of going global, continuously exploring emerging markets. China’s pan-semiconductor IMSS market increased from RMB1.3 billion in 2021 to RMB2.5 billion in 2025 with a CAGR of 17.2%. The market is expected to increase to RMB7.2 billion by 2030, reflecting a CAGR of 25.0% during 2026 to 2030. We will seize this development trend, rapidly respond to customers’ needs, and tap into various application scenarios, thereby capturing the significant growth potential brought about by the revolution in the pan-semiconductor industry.

OUR STRENGTHS

Provider of Domestic and Self-Developed IMSS Encompassing a Complete Set of Technologies and Layers in Developing a Software Application for the Pan-Semiconductor Industry

We are a provider of IMSS in China’s pan-semiconductor industry. China’s pan-semiconductor IMSS market is a sub-sector of China’s IMSS market, represented approximately 4.4% of the overall market in 2025, in terms of sales revenue. In China’s IMSS market, we ranked 16th with a market share of 0.5% in terms of revenue of IMSS in 2025. We specialize in the R&D and commercialization of IMSS tailored for advanced manufacturing employed in the pan-semiconductor industry. Our IMSS are versatile and applicable across diverse scenarios, which contributed a substantial portion of our total revenue during the Track Record Period. In 2023, 2024 and 2025, we recorded revenues from our IMSS of RMB163.8 million, RMB246.6 million and RMB298.2 million, respectively, representing 99.0%, 99.1% and 99.3% of our total revenue for the

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respective years. According to the Frost & Sullivan Report, in terms of revenue generated from pan-semiconductor IMSS, we ranked the third in China’s pan-semiconductor IMSS market and we ranked second among the domestic pan-semiconductor IMSS providers in China’s market in 2025, holding approximately 12% of the total market share in 2025. China’s pan-semiconductor IMSS market is a sub-sector of China’s IMSS market, represented approximately 4.4% of the overall market in 2025, in terms of sales revenue. In China’s IMSS market, we ranked 16th with a market share of 0.5% in terms of revenue of IMSS in 2025.

China’s market for IMSS has experienced rapid growth in recent years while the global as well as the Southeast Asia markets for pan-semiconductor IMSS maintains strong and promising. According to the Frost & Sullivan Report, China’s IMSS market increased with a CAGR of 8.4% from 2021 to 2025, and a projected CAGR of 12.0% from 2026 to 2030. China’s pan-semiconductor IMSS market increased with a CAGR of 17.2% from 2021 to 2025, and a projected CAGR of 25.0% from 2026 to 2030, which is significantly higher than historical growth rates. The global pan-semiconductor IMSS market increased with a CAGR of 11.2% from 2021 to 2025 and a projected CAGR of 21.0% from 2026 to 2030. The Southeast Asia pan-semiconductor IMSS market increased with a CAGR of 15.1% from 2021 to 2025 and a projected CAGR of 26.1% from 2026 to 2030.

We believe our expertise in IMSS technologies has enabled us to provide service that integrates AI, big data, industry know-how and automation across the entire value chain. We are one of the only three domestic providers capable of delivering IMSS encompassing a complete set of technologies and layers in developing a software application, including both front-end (user interface) and back-end (server, database, and application logic) components across the entire pan-semiconductor industry value chain, meaning, according to the Frost & Sullivan Report, the development of all components and layers of a product or system in-house. Compared to standalone software modules acquired externally, such in-house self-developed solutions offer advantages of providing control over the entire technology stack, enabling seamless integration and optimization of all components. This is in contrast to externally acquired modules, which may lack integration and cohesion between modules. Such solutions also allow for more capabilities, such as internal equipment decision-making and AI simulation, beyond just production planning and automation. Leveraging our insight into market opportunities, solution development technologies, and the forward-looking strategic vision of our management, we have served 134, 147 and 198 customers who purchased our IMSS products, respectively in each year during the Track Record Period. Our R&D capabilities, coupled with the stability and reliability of our IMSS, as well as our commitment to delivering superior user experience, have earned us widespread customer base. Our business scope has expanded from the semiconductor industry into display panel, PCB, and photovoltaic. We strive to continuously develop and provide IMSS which are designed and developed based on specific, real-world scenarios and/or use cases. As our solutions gain traction in commercial applications, our revenue has grown rapidly from RMB165.5 million in 2023 to RMB248.9 million in 2024 and further to RMB300.3 million in 2025.

Our IMSS matrix aims to cover all production stages, delivering multi-dimensional application scenarios. In the blueprint of enterprise digitalization for pan-semiconductor companies, our solutions span the equipment layer, control layer, operational management layer, data storage and analytics layer, and decision-making layer providing support throughout the manufacturing management lifecycle.

Achieving Technological Innovation and Breakthroughs through In-house R&D

We established in-house R&D of IMSS, focusing on continuous technology iteration and innovation to enhance our core competitiveness. We consistently drive innovation since our inception, and our business milestones include delivering several industry-leading projects.

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Among IMSS developed by our Company, we have developed a series of software solutions, with key products including MESwell[®], EAPwell[®] and BC (block control), that have contributed to our competitiveness in the market. Developed through continuous R&D since 2007, MESwell[®] serves as the critical nexus bridging enterprise planning layers and production equipment layers, enabling comprehensive digital management of manufacturing processes spanning from initial stages of production to the final output through real-time monitoring, data acquisition, and process control. Since its launch in 2008, MESwell[®] has accumulated experience with successful implementations across semiconductor, display panel and related advanced manufacturing sectors. We have demonstrated particular expertise in fully automated 12-inch wafer fab solutions, showcasing efficient project execution and successful system validation. EAP serves as a critical bridge for upstream systems to interact with production equipment, incorporating multiple subsystem modules developed on a low-code platform. Launched in 2012 with nine major version upgrades, our EAPwell[®] is a system designed to enhance the management of production processes by connecting directly with equipment. This system facilitates real-time monitoring of production status, the collection of equipment data, and the provision of alerts for equipment anomalies. EAPwell[®] and BC have been extensively tested and implemented across various projects in the semiconductor display panel and PCB industries of our customers, supporting multiple communication protocols and operational collaboration modes.

The pan-semiconductor IMSS market in China has been dominated by foreign service providers, since our establishment, we have seen the market opportunity to develop domestically developed software products which suited and customized the needs of local customers. Building on our experience in the domestic substitution of our first display panel front-end CIM system delivered in 2020, we anticipated a similar trend and market opportunity in the semiconductor industry. Leveraging our accumulated experience in developing the fully automated CIM system within the display panel industry, in 2021, we secured a semiconductor project for a domestic substitution of fully automated CIM system with core MES for the 12-inch front-end 18-nanometer process which was successfully delivered in early 2023.

According to Frost & Sullivan, the 12-inch front-end CIM system acts as a fully automated, high-precision factory “brain”, featuring 100% full automation, millisecond-level high-frequency data collection, and a multilayer architecture to handle complex nanometer-level processes. It handles immense complexity by managing 1,000 to 1,500 nanometer-level process steps and over 300 equipment types to support fully unmanned “lights-off” factories. The 12-inch front-end CIM system excels in ultra-high-frequency, parameter-wide data ingestion (TB-level daily data at 100ms intervals) to guarantee nanometer-level defect tracing and a 99.9%+ target yield. Technical threshold for the 12-inch front-end CIM system is extremely high, requiring SEMI international standard certification and compatibility with top international equipment from leading global semiconductor manufacturing equipment suppliers.

Customers and potential customers who require 12-inch front-end CIM system are highly capital intensive and high-tech semiconductor manufacturers (such as advanced logic and memory wafer manufacturers), which operate on nanometer-level processes or require full-traceability during the production process and where human error or minor drop in efficiency or yield results would result in significant losses.

Furthermore, we are the first Chinese company to establish presence in the field of advanced simulation, leveraging our technological innovation, extensive application scenarios, optimized user experience, system integration capabilities, and R&D strength. Our process simulation technologies are primarily applied in intelligent manufacturing and industrial design, providing high-precision virtual simulation environments that facilitate product design and process optimization. For example, we have achieved material breakthrough in our simulation platform, which launched in December 2024. Two flagship system modules under this platform, electron track and beam sculpt products, have been integrated into the latest domestically developed variable-shaped beam lithography system. This integration enables sub-1nm lithography accuracy, marking a milestone in filling the gap in domestic e-beam lithography simulation and correction market.

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We achieve the abovementioned accomplishment through our in-house R&D as well as cooperations with renowned external resources. Supervised by our Chairman and Founder, Mr. Sun, our R&D team consisted of 148 members as of December 31, 2025, and 18.9% of our R&D team members have master’s degrees or above. Our R&D director/CTO, Mr. Wang, brings over 20 years of deep industry expertise, steering our innovation efforts. In addition, we have established collaborative R&D initiatives with multiple prestigious domestic universities and leading research institutes. For details, please refer to “— Research and Development — Research and Development Capabilities and Centers” in this section.

As of the Latest Practicable Date, we obtained 38 patents, 18 trademarks and 173 software copyrights in the PRC and applied for 11 overseas patents. Our patent portfolio spans our core technology areas, centered on semiconductors and extending to display panel, PCB, and photovoltaic, and other application domains, forming a business network across the entire value chain.

Our focus on innovation and iterative R&D has enabled us to integrate IMSS that address critical technological challenges, filling long-standing gaps in domestically developed technologies. By building an intellectual property foundation, we have solidified our position in the intelligent manufacturing landscape, delivering solutions that seek to empower our clients to achieve operational excellence and software solutions maintain a competitive edge in the domestic and global markets.

Strategic Client Relationship and Established Customer Base

With over 18 years of deep industry expertise, we have maintained a business relationships with leading and small-to-medium manufacturing enterprises in the pan-semiconductor industries. In each year during the Track Record Period, we engaged business relationship with 134, 147 and 198 customers who purchased our IMSS products, respectively.

We believe that our core competitive advantage lies in our ability to identify customer pain points and seamlessly align our industrial software solutions with specific application scenarios, thereby enhancing production efficiency for diverse clients. Beyond technological R&D, we emphasize analysis of market trends, foresight into future developments, and acute sensitivity to customer demands. We believe that these factors drive us to continuously optimize our solutions, expand our product offerings, and accelerate the commercialization of our IMSS on a broader scale.

Since our inception, we have provided comprehensive services, spanning from the initial stages of production to final output encompassing pre-sales consultation, solution design, and after-sales support as we seek to ensure seamless integration from technology adoption to practical application. We have established an efficient customer feedback and issue-resolution mechanism, enabling rapid responses to client needs and enhancing customer satisfaction. Furthermore, we offer detailed technical training and operational guidance to empower clients to maximize the value of our products.

Our IMSS are highly customized in nature and deeply integrated with clients’ existing systems, thereby creating significant switching costs for our customers to consider and opt for alternative suppliers, as substantial time and resources are required to transition to a new provider. Additionally, clients may accumulate data and operational expertise while using our products, and migrating to another supplier could entail complex data transfer processes and the need to relearn new systems.

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Our product matrix which encompasses a complete set of technologies and layers in developing a software application, including both front-end (user interface) and back-end (server, database, and application logic) components addresses every stage of our clients’ operations. Through highly integrated technologies and monitoring processes where feedback from one part of the system is used to continuously improve and optimize another part, creating a cycle of real-time data integration and corrective actions, we can swiftly identify and resolve production issues, improving yield rates, reducing costs and manpower requirement for our customers, so as to strengthen our market competitiveness.

In addition, we have cultivated extensive collaborative relationships with upstream and downstream enterprises, as well as research institutions, which enhances our appeal as a long-term partner for clients. By actively participating in the formulation of industry standards, we have secured a dominant position in shaping technical specifications and maintaining a competitive edge in the market, further reinforcing our relationship with our customers.

AI-Oriented Product LOFA with Enhanced Manufacturing Efficiency

With the advancement of AI, big data, and automation technologies, the touch interaction between humans and intelligent hardware has become increasingly critical. We have launched our AI-oriented product LOFA, a smart control digital platform product designed for Industry 4.0 manufacturing. Leveraging our extensive experience in the semiconductor and panel industries, LOFA integrates a suite of technologies, including remote centralized control, AI and industrial vision, which enables precise identification of defect locations and remote automated repair operations controlled via the remote control management.

Our LOFA’s deployment empowers manufacturers to achieve real-time optimization of production processes, reducing reliance on manual intervention and minimizing downtime. LOFA’s solutions harness AI techniques, such as text recognition, object detection, image classification, and template matching, to perform critical tasks like automated defect classification, defect location detection, and interface character recognition. By centralizing control and leveraging AI-driven insights, LOFA enhances yield rates, improves product quality, and drives cost efficiencies. Through intelligent robotic process automation technology, LOFA achieves a high-level, precise, accurate, and unmanned real-time automation process for defect detection and repair, revolutionizing operational efficiency.

Our LOFA product embodies the vision of “One Fab, One System.” By integrating LOFA application modules, business intelligence, and knowledge management, LOFA serves as the intelligent central control AI brain of a factory, augmented by large-scale model components that enable role-specific capabilities. LOFA can either replace or assist personnel across various roles, significantly enhancing factory decision-making efficiency and workforce productivity. The light off factory model developed by LOFA can fundamentally transform factory operations. It shifts the traditional scenario where production personnel need to work on-site to a centralized remote control center, where equipment interfaces that require operation are centralized remotely, and repetitive tasks are automated. Powered by an AI-driven intelligent assistant, LOFA enables rapid deployment of diverse functions, including large-screen monitoring, automated operations, image detection, big data analytics, and intelligent reverse control, tailoring solutions to specific business needs.

We distinguish ourselves from traditional industrial software providers through our R&D as well as innovation capabilities. According to the Frost & Sullivan Report, we have emerged as a renowned provider of AI-oriented IMSS provider. Our ability to integrate AI technologies with practical industrial applications positions us at the forefront of the intelligent manufacturing revolution.

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Experienced Management Team with an in-depth understanding of the industry

We are led by an experienced management team, committed to driving breakthroughs and cementing our competitiveness in the advanced manufacturing sector. Our management team is spearheaded by Mr. Sun, our Chairman and Founder. Since establishing our Company in 2007, Mr. Sun has been in charge of the overall operation and development direction of our Company. He has been focusing on big data analysis, AI technology development and the development direction of pan-semiconductor solutions, and led the team to achieve the integration of a full suite of big data and data applications products in the panel industry. He has been involved in the development of a number of core technology patents of our Group and the establishment of our intelligent big data engine platform. Over the years, Mr. Sun has accumulated experience in production management and quality improvement with (CIM) computer integrated manufacturing system and (AI) artificial intelligence application, which has established our Group’s core competitiveness of CIM+AI. With his professional understanding of the semiconductor production process and capabilities of project management and software development process management, Mr. Sun has led the team to achieve several key technological breakthroughs. Please refer to “Directors and Senior Management” for the biographic details of Mr. Sun and our other Directors and Senior Management members.

Our management team’s foresight and execution excellence have enabled us to attract and assemble a distinguished pool of top-tier talent. These professionals, equipped with industry expertise, continuously propel our advancements at the forefront of technology. Their contributions have been instrumental in solidifying our competitiveness. This team, most of whom has over 15 years of expertise in the software, technology and semiconductor industry, integrates technical innovation, product development, and commercial deployment. Under the leadership of our Founder and management team, we achieved a historic milestone in multiple critical stages of the semiconductor manufacturing by breaking through the technological barriers.

With leadership, professional expertise, and an acute understanding of industry trends, our management team provides clear direction and support for achievement of our mission, strategic objectives, and business goals. Their contributions in driving technological innovation, delivering commercial value, and advancing industry development have earned recognition and acclaim within the industry we are engaged in. We believe our management team will continue to lead our Group in achieving new frontiers in the IMSS landscape, delivering sustainable, long-term value for shareholders and stakeholders alike.

OUR STRATEGIES

With our mission to empower enterprises to establish and elevate their production edges, we intend to execute the following growth strategies:

Strengthening Customer-Oriented Market Presence with CIM Development of 12-Inch MES Solutions plus AI

We aim to strengthen our market influence by focusing on customer-oriented solutions. We will intensify our business expansion efforts to solidify our position in the intelligent manufacturing sector, leveraging the competitive advantages of our existing product portfolio to deliver precision-tailored solutions to our clients. Recognizing the diverse developmental stages and unique factory characteristics of our clients, we will focus on continuous product iteration and service enhancements to provide solutions that align with their evolving needs. Tailored solutions are essential for the stringent and detailed production management requirements in the semiconductor industry, which must align with the specific characteristics of different semiconductor segments. We believe that by developing products that meet the precise needs of customers and build long-term relationships, we expect to enhance customer satisfaction and establish a strong market presence, foster a cycle of repeat purchases, deepen client trust and ensure long-term engagement.

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As the core of this strategy to offer our clients with tailored solutions, we aim to make further advancement of our CIM capabilities, including the development and enhancement of 12-inch MES solutions integrated with AI technologies. By combining our experience in CIM system delivery with AI-driven functionalities, we aim to provide highly adaptive, data-driven, and efficient production management systems that meet the stringent and complex requirements of semiconductor manufacturing.

We plan to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], to enhance our CIM product capabilities and solutions, with an aim to build a domestically developed 12-inch front-end CIM system suitable for both domestic and overseas customers and ensure stable operation and widespread adoption of our CIM system.

To implement our business strategy around our core products, we will enhance our market promotion initiatives to attract new clients and secure additional projects by amplifying our online marketing efforts to increase brand visibility and client acquisition and deepening strategic partnerships within the industry to enhance our market penetration.

For our strategic partnerships plan, we will proactively pursue collaboration opportunities centered around our core products by building and cultivating partnerships with upstream and downstream players in the industry value chain. Through these collaborations, we aim to integrate complementary industry resources, expand our product offerings, and broaden our potential client base. In addition, we will foster a co-development model with equipment manufacturers, software providers, and research institutions to jointly develop innovative solutions that address emerging market demands. These efforts will enhance our technological capabilities, drive economies of scale and reinforce our competitiveness in the pan-semiconductor and related sectors.

Through a strategically disciplined focus on our core products, coupled with market expansion and strategic collaborations, we aim to drive sustainable growth, expand our footprint, and reinforce our position as a trusted partner in the intelligent manufacturing industry. We believe that this multi-faceted strategy will enable us to capitalize on market opportunities, strengthen client relationships, and achieve sustainable growth in a rapidly evolving technological landscape.

Advancing and Accelerating AI-Driven Development Across our Solutions and Services

We aim to developing a comprehensive AI-driven development strategy to advance our products and solution offerings, integrating AI technologies deeply into our existing platforms and software solutions. This involves collaborating with industry consultants and clients to design, develop, and implement AI solutions that are tailored to the specific characteristics of the semiconductor industry, addressing inefficiencies in production systems while building AI expertise to support continuous improvement of these solutions.

Our strategic vision for AI-oriented business development is to harness AI and equipment control technologies as core drivers to integrate our suite of software solutions. Central to this strategy is the development of an AI-powered intelligent manufacturing system, with our LOFA platform positioned as the central hub for data collection across the entire factory, integration, and transmission. By interfacing with automated logistics control systems and other production platforms within factories, LOFA will enable connectivity across disparate systems into a unified intelligent manufacturing platform. To realize this vision, we plan to further enhance AI empowerment across all production stage through our LOFA products, transforming them into intelligent devices capable of autonomous operation, real-time data analytics, anomaly detection, and intelligent decision-making. This will foster cross-equipment data interoperability and collaborative operations, creating an environment where devices communicate and function synergistically. By building these interconnected linkages, we aim to establish an intelligent manufacturing environment across the entire factory characterized by automation and intelligent control spanning from the initial stages of production to the final output.

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We plan to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], to build our capabilities for AI application in the pan-semiconductor industry, with a focus on our LOFA AI products.

In addition, we will expand our application scenario matrix by advancing AI-driven R&D in high-end process design and simulation technologies under our digital equipment platform and machinery and automated material handling systems. By doing so, we aim to construct a comprehensive product portfolio covering all stages of the semiconductor industry’s value chain, from materials and processing to components, assembly, and downstream applications, while establishing strong technological barriers and differentiation in the market.

We plan to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], to establish our R&D capabilities for high-end process design and simulation solution development.

Beyond the semiconductor sector, we intend to extend the application of our AI-enabled intelligent manufacturing solutions to other industries by leveraging the versatility of our LOFA products, GloryIGI and related platforms. Through strategic collaborations with industry leaders, research institutions, and technology partners, we aim to co-develop innovative solutions for broader industrial use cases, solidifying our competitive advantage, and driving sustainable growth through AI- and automation-led transformation.

Accelerating Overseas Expansion with our Intelligent Manufacturing Technology

Our globalization aim is to unlock expansive growth opportunities by positioning ourselves as a renowned provider in intelligent manufacturing. In the initial phase, our focus will be on serving the overseas business needs of Chinese enterprises, particularly those expanding into international markets. By deepening collaborations with international clients, we aim to gain critical insights into diverse regional market demands and industry trends, enabling us to optimize our product offerings and enhance our service capabilities.

To spearhead our overseas expansion, we have established an overseas business division and a subsidiary in Singapore, laying a foundation for our global operations. We have identified Vietnam, Malaysia, Thailand, Singapore, India and the Middle East as our primary overseas target markets, all of which are important to the global transfer of photovoltaic, PCB, and semiconductor industries, according to Frost & Sullivan. We believe with our extensive experience in the PRC IMSS markets and solid customer base, we have the capacity to expand our business footprint to our target regions.

Our overseas expansion strategy centers on following existing customers abroad while building localized delivery capabilities and our development direction is three-folded. Firstly, we aim to leverage our leading customers in photovoltaic, PCB, and semi conductor packaging/testing sectors to extend our services overseas as they expand their production capacity. Secondly, we will use our Singapore subsidiary as our regional headquarters and centre for delivery of our services in the region. Thirdly, we will use our proven projects as breakthrough opportunities to replicate successful models and expand our business in the region, with active business opportunities already identified across photovoltaic, PCB, and semiconductor packaging/testing industries.

To support our global ambitions, we will invest in localized R&D and technical support teams to ensure our solutions are adaptable to regional regulatory requirements, industry standards, and market preferences. We believe that strategic partnerships with local distributors, technology providers, and research institutions will further enhance our market penetration and enable co-development of innovative solutions tailored to specific regional needs.

By accelerating our overseas expansion, we will not only drive our revenue growth and market share but also contribute to the global recognition of Chinese innovation in the manufacturing sector. We plan to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], to pursue strategic alliances, investment, acquisition and mergers opportunities both domestically and overseas; and a same amount from the net [REDACTED] of the [REDACTED] to improve our commercialization capability through expansion of domestic and overseas sales and service networks respectively.

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Attracting Top and Potential Industry Talents and Deepening R&D Across Pan-Semiconductor Sectors

The pan-semiconductor intelligent manufacturing industry is characterized by significant talent barriers, requiring deep and expertise in downstream industry know-how. Since talent is a critical pillar of our success, we have prioritized building a high-caliber team both domestically and globally to sustain our competitive edge.

Moving forward, we will intensify our efforts to attract top-tier technical and R&D talents with extensive industry experience, broadening and strengthening our talent pipeline. Our recruitment strategy will focus on identifying individuals with specialized expertise and experience in AI, big data, and automation, and pan-semiconductor manufacturing processes, enabling us to tackle the complex challenges of manufacturing.

In tandem with talent acquisition, we are fostering a dynamic and growth-oriented corporate culture that promotes continuous learning and professional development. By cultivating a learning-centric team environment, we will empower our employees to unlock their full potential, driving innovation and operational excellence. Our investment in talent development will include ongoing training programs, cross-disciplinary knowledge sharing, and opportunities for career advancement, ensuring our workforce remains agile and adaptable in a rapidly evolving industry. For example, through initiatives such as our “Eaglet Program (雛鷹計劃),” we have implemented structured training and assessment frameworks to continuously cultivate and nurture highly skilled professionals in the field. By building a sustainable and versatile talent acquisition mechanism, we will drive continuous innovation, enhance our product portfolio, deliver transformative value to our clients, and drive future growth.

SPECIALIST TECHNOLOGY PRODUCTS UNDER CHAPTER 18C OF THE LISTING RULES

Nature and Requirement of our Customers in the Pan-semiconductor Industry

During the Track Record Period, all of our customers were in the pan-semiconductor industries comprising semiconductor, display panel, printed circuit board and photovoltaic. Advanced manufacturing of the pan-semiconductor industries requires nanometer to micrometer level precision, strict tolerance control, vacuum and thermal stability, high-purity materials, and defect prevention. According to Frost & Sullivan, the following table sets out the key features of a CIM system of the semiconductor industry (for wafer fabrication) in comparison with those of a CIM system in other industries (such as automotive, general machinery and pharmacy).

	Semiconductor CIM	CIM in Other Industries
Production Mode & Process Complexity	Semiconductor manufacturing is a highly complex and precise process, involving a large number of tightly interdependent processing steps — often exceeding 1,000. The strong coupling among process stages and the minimal tolerance for deviations make error recovery difficult. Production re-work is commercially not feasible.	Other industries primarily adopt discrete or linear flowline production, where process steps are fewer, more sequential, and rework or repair is commercially possible.

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	Semiconductor CIM	CIM in Other Industries
System Architecture & Core Modules . . .	The architecture consists of tightly integrated systems that together enable real-time control where feedback from one part of the system is used to continuously improve and optimize another part, creating a cycle of real-time data integration and corrective actions deeply embedded with equipment and process logic.	The architecture is typically MES-centric with other supporting systems, where integration is looser and functionality focuses on assisting personnel in execution and monitoring.
Real-Time Performance & Automation Level	The system requires ultra-high responsiveness, with approximately 99% of critical operations completed within one second and supporting data throughput of up to about 2,000 transactions per second, enabling highly automated, near lights-out operations.	The system operates with moderate real-time requirements, typically at second- or minute-level response times, and supports lower data throughput with a combination of automation and manual intervention.
Platform Stability & Reliability . . .	The platform is required to sustain continuous operation with approximately 99.9% fault-free performance, as even minor disruptions can directly impact yield and production continuity.	The platform stability requirement is comparatively lower, where planned downtime and localized system failures are acceptable and can be managed without critical impact.
Data Scale & Data-Driven Logic . . .	The system handles massive, high-frequency data generated throughout production. Such data is primarily leveraged for yield improvement and defect control through optimization.	The system manages relatively limited datasets, mainly used for tracking production, equipment status, and quality outcomes to support efficiency and cost control.
Equipment Connectivity & Control Depth . . .	Equipment integration is highly standardized, allowing CIM system to directly manage and dispatch process parameters and achieve tight control over equipment behavior.	Equipment connectivity relies on general protocols, where the system mainly performs monitoring and basic control with limited influence on internal process parameters.
Quality & Yield Management . . .	Quality management is centered on maximizing yield through real-time monitoring and control, with defects traceable to specific process steps at a fine level of granularity.	Quality management focuses on pass rates and stability, relying on inspection and statistical methods, with improvements typically driven by post-process analysis.
Industry Barriers & Customization . . .	The industry has extremely high entry barriers, requiring deep integration of process expertise, equipment control, and data capabilities, resulting in highly customized and complex implementations.	The industry has relatively lower barriers, with more standardized and configurable systems that can be deployed flexibly and within shorter implementation cycles.

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Our IMSS are specifically tailored for the extreme demands of the highly sophisticated advanced manufacturing of the pan-semiconductor industries. We serve the advanced manufacturing needs of the pan-semiconductor industry as our IMSS connect equipment, processes, materials, logistics, data acquisition, and analytics and decision-making across the entire factory. Our software products work together to coordinate production execution across the whole production line, from wafer movement and recipe control to dispatching and yield monitoring. With AI-empowerment, our AI-enabled IMSS learn from production and operational data and turn such data into actionable decisions to assist scheduling, anomaly detection, and decision support. For pan-semiconductors’ advanced manufacturing, our IMSS support both front-end and back-end scenarios and integrate tightly with highly specialized equipment and process flows, resulting in better visibility, fewer manual handoffs, and more stable production control. This is especially important for the pan-semiconductor industries as their yield losses are expensive and small process deviations can quickly disseminate downstream.

Features of Advanced Manufacturing under Chapter 18C of the Listing Rules

Our IMSS under the five platforms serve the advanced manufacturing needs of the pan-semiconductor industry by combining automation, computation, software, sensing, and networking (“**18C Features**”) into one coordinated factory-control layer, attributable to the development of technology in production activities, in the digitized manufacturing (application of sensors and 3D vision technology in manufacturing processes), falling within the acceptable sector of “Advanced Manufacturing” of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules, which is further elaborated below:

- **Automation:** our IMSS encompass automation features as they coordinate equipment, production flow, and factory logistics with minimal manual intervention, ensuring “hands-off” operation that is less error-prone and highly repeatable. In pan-semiconductor manufacturing, this helps standardize operations, reduce human error, and keep high-volume processes stable across many steps and tools. It also supports comprehensive execution that spans from the initial stages of production to the final output, from dispatching lots to controlling material movement and managing production schedules.
- **Computation:** our IMSS use computational models to process large volumes of production, equipment, and quality data so the pan-semiconductor factory can respond faster to abnormalities, bottlenecks, or yield risks. Our IMSS’ computing ability allows processing of the massive surge in data from modern tools, converting raw signals into actionable intelligence for yield improvement. With AI and analytics, the IMSS can also support predictive decision-making and continuous optimization rather than only retrospective reporting.
- **Software:** Software is the coordinating media that bind the whole fabrication plant together. In the pan-semiconductor context, IMSS software typically cover production execution, equipment connectivity, process management, traceability, and big-data/AI applications. Our software products in all five platforms achieve different purposes for the advanced manufacturing requirement of the pan-semiconductor industries.
- **Sensing:** our IMSS possess sensing capability which captures real-time conditions and parameters from machines, materials, and process environments. Semiconductor fabrication plants depend on precise monitoring of variables such as temperature, pressure, vibration, and process status so that deviations can be detected early and quality can be safeguarded. By feeding this sensor data into analytics and control systems, IMSS help maintaining the precision and stability required for advanced manufacturing.

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- **Networking:** networking connects equipment, systems, and decision-makers across the factory. In a pan-semiconductor factory, this connectivity is essential for synchronizing software between and across platforms and equipment controllers so that data and commands flow without delay. Networking in our IMSS also enable factory-wide visibility, real-time coordination, and process control (where feedback from one part of the system is used to continuously improve and optimize another part, creating a cycle of real-time data integration and corrective actions), which are necessary for high-throughput and high-yield production.

The 18C Features of our IMSS

Each of our platforms fall within the acceptable sector of “Advanced Manufacturing”, as each platform possesses the 18C Features of automation, computation, software, sensing and/or networking and therefore qualifies as Specialist Technology Product under Chapter 18C of the Listing Rules. The following table sets forth the 18C Features of each of our five platforms:

Manufacturing Operations Platform

18C Features	Description
• Automation	In the CIM system, MES serves as the core system, supporting over 1,000 complex production process controls, including automatic work order issuance and automated process flow. By collaborating with the integrated automation platform, MES and RTD require automated operations to achieve efficient management of the entire production process.
• Computation	Software in this platform handle a large amount of production data and complex production control processes, which requires computing capabilities to support real-time production scheduling and optimization. Software products in this platform process parameter computation and production scheduling optimization computation which can be completed within one second for 99% of critical operations of semiconductor requirements, with an information throughput of 2,000 transactions per second.
• Software	Software-based products in this platform achieve the entire manufacturing execution with 99.9% fault-free semiconductor stability.
• Networking	Networking achieves real-time data transmission and sharing for operation under the platform. The entire production link is connected, ensuring coordination and monitoring of the production process.

Integrated Automation Platform

- Automation In the CIM system, MES under the manufacturing operations platform serves as the central hub of the production process. MES disseminates process instructions for production, and the EAP under this platform automatically executes machine actions.
- Computation Software in this platform handle logistics data and optimize logistics routes, which requires computing power to support intelligent work delivery and route planning. Software products in this platform process parameter computation which can be completed within one second for 98% of critical operations of semiconductor requirements, with an information throughput of 2,000 transactions per second.

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18C Features	Description
• Software	Software-based products in this platform achieve equipment and production line logistics management.
• Sensing	Software products in this platform are designed to obtain equipment production status and logistics equipment status through equipment connected with sensor data of production equipment.
• Networking	Networking achieves real-time data transmission and sharing for operation under the platform. Various production and logistics devices and systems are connected, ensuring the coordination and monitoring of the production and logistics process.

Intelligent Control and Digitalization Platform

- Automation LOFA-Bots/RPA and LOFA-AI/ADC are able to achieve business automation to replace labor in certain workflows and to detect defect automatically. The automation feature in this platform achieves centralized monitoring, remote control, anomaly alerts, and automated operation.
- Computation Software products under this platform handle a large amount of production data and equipment data and images, conduct data analysis and AI-image identification, which requires computing capabilities to support intelligent decision-making. The computing feature of the software products in this platform support detailed classification of wafer defects during production inspection, achieving 98% accuracy.
- Software Software-based products in this platform achieve smart factory management and intelligent control, they also enable digital presentation of factory operations and mobile collaboration.
- Networking Networking achieves real-time data transmission and sharing for operation under the platform. Production equipment and systems are connected for collaboration and monitoring of the smart factory under this platform and enabling remote centralized control of equipment from the central control room.

Intelligent Big Data Engine Platform

- Computation The core function of this platform is to process and analyze large amounts of data, which requires computing capabilities to support data mining and machine learning algorithms. AI-powered machine learning algorithms in this platform enable yield prediction, fault diagnosis, virtual measurement, and support for high-precision production yield, increasing production line yield rates steadily above 98%.
- Software Software-based products in this platform achieve big data collecting and processing and support petabyte-level data volumes.
- Networking Networking achieves real-time data transmission and sharing for operation under the platform. Network connection of various data sources and analysis systems enables integrity and timeliness of the data transmit. Networking feature in this platform integrates multi-source data from across the factory to establish a unified data platform.

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18C Features	Description
Digital Equipment Platform	
• Automation	The core function of this platform is to achieve automated operation and management of equipment, including automated production equipment and automated inspection equipment.
• Computation	Software products in this platform handle device data and optimize equipment performance, which requires computing power to support intelligent diagnosis and optimization. The process error correction computation under PDS meets the requirements of 28nm semiconductor processes.
• Software	Software-based products in this platform achieve intelligent equipment data exchange and equipment automation control.
• Sensing	Software-based products in this platform are designed to obtain the status and performance data of the equipment through sensors to achieve automated monitoring and diagnosis.
• Networking	The networking feature in this platform supports general semiconductor connectivity protocols. The iEQ gateway integrates protocols across different equipment brands, enabling unified communication.

Taken together, these features allow our IMSS to support the full advanced manufacturing chain: our software products enable automated execution, data-driven control via computation, real-time sensing, and connected decision-making through networking. For pan-semiconductor manufacturers, the practical outcome is to ensure precision, higher yield, faster response to abnormalities, stronger process stability, and lower operating cost.

We present below illustrative case study of two of our IMSS projects to our customer which demonstrates our IMSS qualifies as Specialist Technology Product under Chapter 18C of the Listing Rules.

Case Study 1:

In 2023, we provided Customer AA with our IMSS service, namely, a MES Phase II Project, providing CIM solutions including MES, EAP, and BI (Business Intelligence). The project aimed to meet customer requirements in the following areas: (1) achieve communication connectivity with equipment, enabling the informatization and automation of equipment data; (2) collect various production parameters and equipment alarm information from the equipment; (3) achieve production traceability; (4) achieve automatic calculation and issuance of drilling production programs; and (5) achieve systematic management of fixtures.

Pursuant to the contract with Customer AA, we were engaged to establish a standard corporate MES which should support MES models and the ISA-95 standard, comply with international, national, and industry standards, have high product maturity.

The project exemplified the 18C Features of automation, computation and networking as demonstrated below. Our services are needed to connect the zirconium drilling machine and electrical testing equipment through **networking** to achieve program **automation**. Work orders are scanned and the MES calculates (**computation**) the program or parameter formula, automatically sending it to the machine control computer, the workflow can be completed within one second (with 98% completion rate). The system collects various parameters needed during production, such as material number information, processing progress, processing time, number of drills, tool signal points, and alarm information. Based on the equipment’s operating status, the system calculates equipment utilization rate and presents real-time status, processing data, processing progress, and feedback information on a dashboard for real-time machine monitoring. It can also summarize production data for statistical analysis to track production and troubleshoot problems, improving production efficiency.

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The MES system provides information-based management of production materials, process management, and capacity information, which facilitates the formulation of objective, reasonable, and accurate production plans to meet the actual needs of the production process.

Case Study 2:

In 2025, we provided Customer BB with our software product, CTF under the digital equipment platform. The project exemplified the 18C Features of automation, networking and sensing as demonstrated below.

The project involved our software offering for Customer BB’s fully automated spin coating and developing machine based on our digital equipment platform. Our software offerings achieved customer’s purpose of enabling control of machine components (such as doors, valves, robotic arms, and conveyor equipment) and collect sensor information (e.g., temperature, pressure, power, etc.) to automatically complete the spin coating and developing process (**automation**), meeting semiconductor process standards. The system uses an EtherCAT real-time industrial Ethernet bus architecture for connection and control (**networking**). Through industrial network connections, it collects equipment sensor information for monitoring and displaying status (**sensing**). It collects equipment sensor signals for environmental monitoring and display. It can also set alarm values for process parameters based on sensor information and incorporates this information into process parameters management.

OUR FIVE PLATFORMS AND SOLUTION OFFERINGS

The pan-semiconductor industry is growing rapidly as a key driver of technology advancement. The key pain points in pan-semiconductor manufacturing include (i) the pan-semiconductor industries involve thousands of highly precise manufacturing steps, (ii) disconnection between information system and operational technology create data isolation, and (iii) the capital-intensive investments and lengthy R&D cycles strain profitability. With the advantages of precise control and yield enhancement, seamless data flow and integration and cost reduction, pan-semiconductor IMSS address the industry pain points effectively.

We deliver IMSS tailored for clients in the pan-semiconductor industries. Our integrated platforms span the entire value chain, from production data acquisition and production process management to big data analytics and AI-driven applications. This capability enables clients to optimize operational efficiency, enhance manufacturing quality and precision, and leverage intelligent decision-making systems across their manufacturing environments.

Depending on their requirements, we provide our clients a variety of selections of software products from our solution platforms:

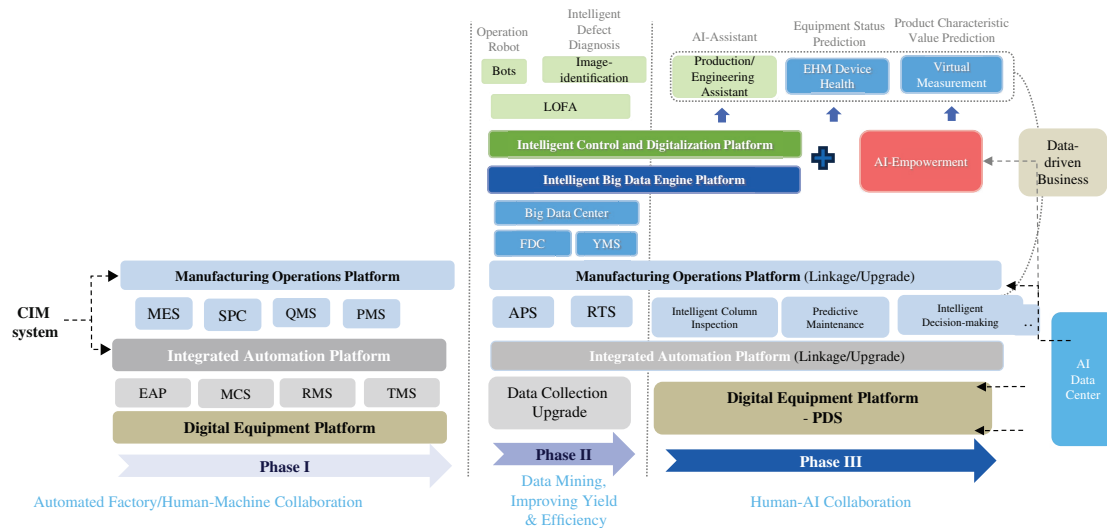
- (i) **Manufacturing Operations Platform and Integrated Automation Platform.** Certain software products from these two platforms constitute the CIM system. Software in the manufacturing operations platform enables lean management and control of the entire production process, in combination with the integrated automation platform, automation of the entire factory, covering both equipment and production process levels, is achieved. Various functions including material and equipment control, warehouse management, production planning, scheduling and execution, and quality control processes can be integrated to achieve full factory automation and automated quality monitoring across the entire production line.
- (ii) **Intelligent Control and Digitalization Platform:** through the use of remote control technologies, software products in this platform facilitate the setting up of central control room for automated facilities. Through a unified entry platform (single portal login entry for accessing all systems), personnel can monitor factory floor and execute tasks through a remote centralized system to improve the execution efficiency of central control personnel and assists managers in decision-making.

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- (iii) **Intelligent Big Data Engine Platform:** centered on intelligent algorithms, big data analytics and machine learning, data from CIM systems is collected and analyzed to further optimize the process, hence enhancing precision and improve yield rate. Application scenarios include equipment anomaly investigations, quality issue analyses, and parameter optimization.
- (iv) **Digital Equipment Platform:** the core software products we offer to our customers in this platform are used and applied to the equipment to achieve equipment data exchange and conversions and to enable automated equipment control. Equipment manufactured by our clients is not embedded with inherent software, such equipment manufacturers (being our customers) purchase, embed and instal our software products in their products (i.e. the equipment) to allow the activation and operation of the equipment. Value-added of our software products to equipment manufacturers (being our customers) lies in assisting them to develop domestically-produced equipment that is more compliant with semiconductor industry international standards and also enables smooth integration, compatibility and interoperability with the CIM systems for their downstream customers in the pan-semiconductor industries (who purchased the equipment embedded with our software products) for their operation of their production lines.

Coordination and Major Differences among our Five Platforms

Chart 1: The following diagram set out an overview of our five platforms, their relationship and application scenario in a smart factory.



Our five platforms comprise a suite of specialized software modules designed to optimize distinct manufacturing and operational management processes. Solutions under each platform are project-based, our clients may selectively deploy individual software modules for newly built and/or existing facilities or adopt integrated multiplatform software solutions packages for facility upgrade or development.

The CIM system which comprises certain software products from the manufacturing operations platform and the integrated automation platform constitutes the foundation for the initial set up of a factory or production line of our pan-semiconductor customers. While software products under each of the intelligent control and digitalization platform and intelligent big data engine platform are not for the initial set up of factory or production line, such software products can be offered by us on a standalone basis to facilitate targeted upgrade of the existing factory or production line. Software products under digital equipment platform are targeted for and applied to equipment (not the entire production line or factory) for equipment manufacturer whose

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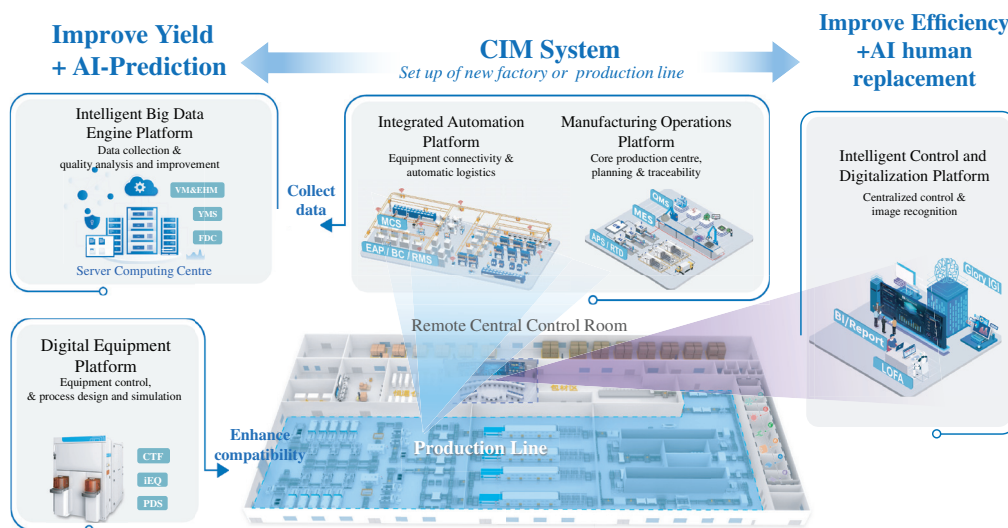
downstream customers are those who purchase this equipment to build or upgrade their factories or production lines. Software products under our five platforms can be classified into the following three phases in terms of stages of development for a factory or production line:

- *Phase I:* For the initial set up of a smart factory or production line of our pan-semiconductor customers, our CIM system comprising certain software products from the *manufacturing operations platform* and the *integrated automation platform* are usually required for the initial set-up and establishment of an automated new factory or production line. Equipment manufacturer customers of the pan-semiconductor industries may require software products in our *digital equipment platform* for their equipment development, enabling better compatibility with the CIM system for a smart factory.
- *Phase II:* While some of our customers may have requirements to upgrade their existing factory or production line, they may require software products from our *intelligent control and digitalization platform* for integration with their existing CIM system, for achieving higher efficiency **and/or** software products from our *intelligent big data engine platform* allowing big data collected from CIM system be analyzed, for achieving yield rate improvement.
- *Phase III:* Existing factory/production line or equipment of our customers may be further upgraded with AI-empowerment under software products of any one or more of the below three platforms: we plan to develop and launch software products under *intelligent control and digitalization platform* that may be required by our customers to achieve AI-human replacement, enhancing operational efficiency and reducing human errors, we also plan to develop and launch software products under *intelligent big data engine platform* that may be required by our customers to achieve AI-prediction to further enhance yield and quality. Currently, we offer software products under *digital equipment platform* that are required by our equipment manufacturer customers to achieve high-end process design and simulation with AI-technology adoption (which simulates semiconductor fabrication steps to explore more design or process options before actual fabrication).

A single customer, therefore, may require one or an integration of our platforms or one or a combination of our software solutions in those platforms in different phases of their factory or production line development. In terms of revenue contribution, revenue generated from the CIM software solutions of our IMSS represented 82.7%, 78.5% and 71.6% of our total revenue for the years ended December 31, 2023, 2024 and 2025 respectively. For details, please refer to “—Breakdown of Revenue, Gross Profits and Gross Profit Margins” below.

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Chart 2: The following diagram sets out the interaction of our five platforms deployed in our customers’ factory



Notes:

1. *Hardware used in each platform include:*
 - a. ***Manufacturing operations platform:** servers and network infrastructure*
 - b. ***Integrated automation platform:** servers, communication boxes, industrial personal computers, network infrastructure, automated material handling system (e.g. stockers, automated guided vehicles, OHT, etc.)*
 - c. ***Intelligent control and digitalization platform:** servers, communication boxes, industrial personal computers and KVM*
 - d. ***Intelligent big data engine platform:** servers and network infrastructure*
 - e. ***Digital equipment platform:** servers, communication boxes, industrial personal computers, process equipment, motion controller (PLC, motion control board)*
2. *Revenue and costs recognition: generally, for each of our five platforms, revenue and costs are recognized after acceptance of our clients.*
3. *Pricing policy: for each of our five platforms, the pricing of specific solutions or package of solutions takes into account various factors, such as the R&D investments, operational costs, market conditions and software solution functionality.*
4. *Charging basis:*
 - a. *under each of the **manufacturing operations platform, integrated automation platform, intelligent big data engine platform and intelligent control and digitalization platform**, we charge mainly on a project-based model, by which the price of software solutions or the service fees is fixed, depending on project complexity, amount of work and manpower involved, software products involved and customization requests raised by customers, etc.*
 - b. *under **digital equipment platform**, we generally charge upfront licensing fees for equipment-specific software packages coupled with first-unit development collaboration fees, followed by per-unit licensing royalties and technical service fees tied to production volumes.*
5. *During the Track Record Period, the average contract amount (tax exclusive) of our projects under each platform was:*
 - a. ***CIM system** (comprising manufacturing operations platform and integrated automation platform): approximately RMB0.82 million*
 - b. ***Intelligent control and digitalization platform:** approximately RMB1.4 million*
 - c. ***Intelligent big data engine platform:** approximately RMB0.95 million*
 - d. ***Digital equipment platform:** approximately RMB0.97 million*

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Differences between the Five Platforms

Stage of R&D and commercialisation: As of the Latest Practicable Date, other than GloryIGI and VM&EHM, all of our software modules under the five platforms were commercialised with revenue recognized from customers. For revenue generated from our CIM software solutions and other platforms, please refer to “Breakdown of Revenue, Gross Profits and Gross Profit Margins” in this section below.

Charging basis: Depending on customers’ requirements, our software solutions can be purchased on a standalone basis or in a combination of various solutions across different platforms. For the provision of customised solutions and services, the price of software solutions or the service fees is fixed pursuant to the respective agreement. For our digital equipment platform, we generally charge upfront licensing fees for equipment-specific software packages coupled with first-unit development collaboration fees, followed by per-unit licensing royalties and technical service fees tied to production volumes.

Value added to customers and application scenario: Please refer to the table below and paragraph headed “— Application scenario for our System Modules” below for the application scenario and value added to customers for our solution modules under the five platforms.

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The table below sets forth other differences among the five platforms:

	Manufacturing Operations Platform	Integrated Automation Platform	Intelligent Control and Digitalization Platform	Intelligent Big Data Engine Platform	Digital Equipment Platform
Key Features and Scope of Services	Software products under the manufacturing operations platform are grouped under our CIM system. The platform is for management and control of the entire production process.	Software products under the integrated automation platform are grouped under our CIM system. The platform is for factory-wide automation and connectivity of equipment and material control.	Software products under the intelligent control and digitalization platform facilitate the setting up of central control room for automated facilities, achieving remote centralized management for the CIM system.	Software products from the intelligent big data engine platform collect and analyze data for production process optimization and upgrade.	Software products from the digital equipment platform achieve data exchange between industrial equipment and data conversions, enabling equipment control and compatibility with the CIM system during the production process.
	Our services involve provision of solution products in this platform, the core of which being MES (controls manufacturing operation), QMS (manages quality checks), APS (optimizes production plan) and RTD (real-time dispatch of production work).	Our services involve provision of solution products in this platform, the core of which being EAP (connects equipment), BC (manages a group of equipment), RMS (manages product parameters) and MCS (manages raw materials).	Our services involve provision of solution products in this platform, the core of which being YMS (manages production data for yield control), FDC (detects and classifies process deviation) and VM&EHM (virtual inspection and equipment operating condition prediction).		Our services involve provision of solution products in this platform, the core of which being CTF (integrates and controls equipment components), iEQ (data exchange between equipment) and PDS (process design and simulation).
Role	Acting as the “brain” of the CIM system, the software products in this platform are the core production central system.	Acting as the bridge of equipment for communication, the software products in this platform are the executor of the production process (receiving production instruction from the manufacturing operations platform).	It acts as a centralized monitoring center and an intelligent operation command center.	Acting as the data centre for the entire factory, the platform facilitates quality decision-making with support of big data.	It acts as the digital base for equipment and equipment control engine.

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Application Scenario and Purpose	Manufacturing Operations Platform	Integrated Automation Platform	Intelligent Control and Digitalization Platform	Intelligent Big Data Engine Platform	Digital Equipment Platform
	Certain core software products in this platform are applied for the entire production line at the stage of initial set-up and establishment.	Certain core software products in this platform are applied for the entire production line at the stage of initial set-up and establishment.	Software products in this platform are applied for the entire factory at the stage of existing factory upgrade.	Software products in this platform are applied for the entire factory at the stage of existing factory upgrade.	Software products in this platform are applied for equipment-level, (i.e. used by our equipment manufacturer customers for internal process control of their equipment, data interface and simulation) at their equipment R&D phase.
	They serve the purpose of overall management of the entire production process, including materials and quality traceability, personnel execution records, production flow and execution.	Software in this platform receives production instructions from the manufacturing operations platform for distribution to on-site equipment, to achieve purpose of production process control and automation, thereby increase equipment utilization and reduce human intervention.	By applying AI-deep learning and digitized transformation, purpose of product parameter optimization is achieved (in phase II of Chart 1 above) to enhance production efficiency.	Software products from this platform collect data from CIM system into big data analytics tools for upgrading the existing factory in two phases: By applying AI machine learning, purposes of yield improvement, intelligent decision-making and cost optimization are achieved (in phase II of Chart 1 above).	They serve the purposes of transforming traditional manufacturing tools into smart, connected, data-rich assets to enhance equipment compatibility, compatibility with CIM system, equipment control and digitization.
	The platform is applied under phase I development in Chart 1 above.	The platform is applied under phase I development in Chart 1 above.	By applying AI-agents and AI-large models, purpose of human-replacement (e.g. replacing production personnel in handling equipment malfunctions, replacing engineers in equipment adjustments, replacing quality control engineers in detecting and repairing products and assisting management in decision-making) is achieved (in phase III of Chart 1 above).	Via AI-agents and generative AI to be applied, purposes of prediction, equipment adjustment and optimization suggestions are achieved (in phase III of Chart 1 above).	The platform is applied under phase I (for equipment development: achieving compatibility with the CIM system) and phase III (for high-end process with AI technology design and simulation adoption) in Chart 1 above.
			The platform is applied under phase II (for efficiency achievement) and phase III (for AI-human replacement) in Chart 1 above.	The platform is applied under phase II (for yield rate improvement) and phase III (for AI-prediction) in Chart 1 above.	

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Target Customer	Manufacturing Operations Platform				Integrated Automation Platform		Intelligent Control and Digitalization Platform		Intelligent Big Data Engine Platform		Digital Equipment Platform	
	Our customers under the manufacturing operations platform are mainly manufacturers in the semiconductor, PCB, solar energy, display panel industries (using the QMS, RTD) or, to a wider extent, the pan-semiconductor industries (using MES and APS).				Our customers under the integrated automation platform are mainly manufacturers in the semiconductor, PCB, solar energy, display panel industries.		Our customers for LOFA-AI/ADC include manufacturers that require high-precision detection of small defects including those in the semiconductor and display panel industries.		Our customers under the intelligent big data engine platform are mainly manufacturers in the semiconductor, photovoltaic and display panel industries.		Our customers for CTF and IEQ are mainly equipment manufacturers in the semiconductor industry. Our customers for PDS are mainly research institutions and photomask.	
Value Added to Customer	Value-added to our customers in the pan-semiconductor industry include operational efficiency, nanometer to micrometer level precision control, and real-time visual analytics capabilities.				Value-added to our customers in the pan-semiconductor industry include enabling factory-wide automation, transforming a factory from a collection of expensive machines into an automated and synchronized system for higher efficiency production purpose.		Value-added to our customers in the pan-semiconductor industry include improvement of personnel efficiency and operational efficiency.		Value-added to our customers in the pan-semiconductor industry include precision enhancement and yield rate improvement, via (1) swiftly locating and analyzing quality anomalies, hence reduce batch defects; and (2) early terminating production anomalies via prediction.		Value-added to our equipment manufacturer customers in the semiconductor industry include developing domestically-produced equipment that is more compliant with semiconductor industry international standards and also enables smooth integration and interoperability with our CIM system and pre-embedded in the device operating system.	
							Data under this platform include data aggregated from various platforms; equipment status data and production and operation data.		Data under this platform is obtained from the CIM system and intelligent control and digitization platform, as well as from other systems of the factory.		Data under this platform is obtained from built-in sensors in the equipment, equipment control system and process parameters.	
Source and Usage of Data	Data under this platform is obtained from systems such as ERP and EAP, automated equipment and manual input, such generated data is used to drive the current manufacturing.				Data under this platform is obtained from systems such as MES, automated equipment and sensor, such generated data is used to drive the current manufacturing.		Such data is used for post-process analysis and handling of abnormal conditions, thereby improving production efficiency.		Such data is used for post-process analysis and handling of abnormal conditions, thereby improving yield rate and stability of CIM system.			

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Technologies and (if applicable) AI Integration	Manufacturing Operations Platform	Integrated Automation Platform	Intelligent Control and Digitalization Platform	Data Engine Platform	Digital Equipment Platform
.	It adopts technologies including database architecture, unified framework platform architecture and mainstream enterprise-grade distributed technology architecture to achieve logical production planning, traceability, stability, process integration and refined batch data management with swift response.	It adopts industrial internet technology to achieve automated control and delivery of connected-equipment, standardized protocol interfaces and supports millisecond-level real-time data collection from devices for swift breakdown response.	It enables software-hardware combination and automation-AI integration and adopts technologies such as remote centralized control, visual recognition technology, robotic process automation to achieve human-computer interaction interface, assisting or even replacing humans and to support cross-platform control of device data, enabling “unmanned” operation and maintenance scenarios with swift response.	It adopts technologies such as data mining and analysis as well as machine learning algorithms to achieve equipment and production data integration, and support petabyte-level data storage and processing.	It adopts module systems for equipment data conversions, to achieve equipment component communication control and sensor data collection, equipment operation scheduling, and process precision control.
			Image AI is applied to recognize and make judgments on equipment screens, thereby driving the automated operation workflow. Generative AI is to be used in the following scenario: <i>improving LOFA’s AI image recognition capabilities</i> — in conjunction with business-specific language to strengthen deep learning models, enhancing precision and <i>generating LOFA automated operation process</i> — to analyze human operations on equipment screens to automatically generate automated operation sequences. In addition, under the existing LOFA automated operation scenarios, image AI is used to recognize and judge the device screen to drive the operation process.	Data AI (machine learning) combined with historical data are leveraged to recommend process parameters for higher success rates. Adopting integrated storage across the entire data chain, supported by a data center, thereby achieving data application, visualization, analysis, prediction, and optimization and enabling a production process (where feedback from one part of the system is used to continuously improve and optimize another part, creating a cycle of real-time data integration and corrective actions) with swift response.	AI is planned to mainly adopt physical models to create simulations mirroring real-world conditions, enabling reproduction calculation of process parameters and calibration of errors before actual equipment operation.
					Generative AI is being explored to enable guided data analysis in customer complaint investigations by suggesting methods and conclusions.

BUSINESS

The table below sets forth the development stage, timetable, commercial viability and impediments of each of the Specialist Technology Products under the five platforms. Specialist Technology Products under the same platform adopt similar technology. Please refer to the table setting out the differences among the five platforms above.

Software Product	Development Stage and Commercial Viability or Impediments ^(Notes 1 and 2)	Development Timetable	
		Launch Date ^(Note 3)	Date of Revenue Recognition
Manufacturing Operations Platform			
MES	Commercialized	October 2008	May 2011
QMS	Commercialized	September 2018	December 2020
RTD	Commercialized	September 2020	April 2023
APS	Commercialized	September 2009	November 2024
Integrated Automation Platform			
EAP ^(note 4)	Commercialized	October 2014	February 2012
RMS	Commercialized	May 2017	November 2022
BC	Commercialized	August 2012	October 2018
MCS	Commercialized	July 2016	November 2018
Intelligent Control and Digitization Platform			
LOFA-PCC/RCM .	Commercialized	October 2014	December 2017
LOFA-AI/ADC . .	Commercialized	March 2020	August 2024
LOFA-Bots/RPA .	Commercialized	October 2020	May 2021
GloryIGI ^(note 6) . .	Pipeline	June 2026 (expected)	December 2026 (expected)
Intelligent Big Data Engine Platform			
YMS	Commercialized	June 2016	May 2024
FDC	Commercialized	September 2015	April 2021
VM&EHM ^(note 6) .	Pipeline	June 2026 (expected)	December 2026 (expected)
Digital Equipment Platform			
CTF ^(note 4)	Commercialized	September 2021	March 2021
iEQ	Commercialized	August 2020	December 2021
PDS	Commercialized	December 2024	June 2025

Notes:

1. Specialist Technology Products which are commercialized refer to software products with revenue recognised from customers, and they are considered to be commercially viable.
2. Specialist Technology Products which are in pipeline refer to software products in R&D stages during the Track Record Period and up to the Latest Practicable Date.
3. Launch date is the date of first publication date of software copyright of the product according to its computer software copyright registration certificate.
4. According to *Protection of Computer Software Law* (《計算機軟件保護條例》) and *Copyright Laws Implementation Regulations* (《著作權法實施條例》), software copyright is automatically generated from the date of completion of software development. Registration is voluntary and not a prerequisite for sales of the software products. Under the *Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products* (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》) jointly promulgated by Ministry of Finance and the State Taxation Administration and effective on January 1, 2011, the refund-upon collection policy of the value-added tax is applied to self-developed software products (among other conditions and upon examination and approval of the competent tax authority) having obtained a software product registration certificate issued by the software industry administrative department or a computer software copyright registration certificate issued by the copyright administrative department.

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Registration of software copyright of EAP (October 2014) and CTF (September 2021) was completed on a voluntary basis, which was later than their respective date of revenue recognition, mainly for the purpose of being eligible for the refund-upon collection policy of the value-added tax for the said software products.

5. Typically, there is a time gap between the launch date and date of revenue recognition of our software products for the following reasons: (i) after the first publication date of software copyright of the products (i.e. the launch date), we continuously refine and upgrade our products and promote them to our customers under appropriate market conditions. For example, we started scaling up our development of our products under the intelligent big data engine platform in around 2020 while the software copyright of products under this platform was registered some years ahead; (ii) during the Track Record Period, duration of our major projects ranged from about four months to about 44 months and the average duration of our major projects was about 20 months. Generally, revenue and costs are recognized after acceptance of our clients. Accordingly, following the product launch date, the process of subsequent product refinement, marketing and project negotiation, implementation and acceptance would span over several years.
6. Commercial viability of the product is supported by the following factors:
 1. there is a need to supplement industry knowledge and establish an industry knowledge base. We expect to hire industry consultants to establish or enhance business cooperation with advanced manufacturing customers;
 2. there is a need to increase laboratory computing power for iterative model training and model-hosting servers for R&D. The Company expects to establish laboratories and purchase computing power to strengthen R&D.

Please refer to “Future Plans and Use of [REDACTED]” for our plan to apply approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], to build our capabilities for AI application in the pan-semiconductor industry, with a focus of upgrading and optimizing AI products.

Based on the analysis of (a) the applicability of the solution platforms and the solutions modules in the table headed “Specialist Technology Industries” above which encompass all of the 18C Features under “Advanced Manufacturing” (namely, automation, computation, software, sensing and networking) in digitized manufacturing of the acceptable sector titled “Advanced Hardware and Software” and (b) the detailed elaboration on the features, functions, technologies and customer demand drivers for each of our five solution platforms and the core system modules in “— Our Five Platforms and Solution Offerings” below, and taking into consideration the industry nature of our downstream customers (namely the pan-semiconductor industry) involving complex manufacturing processes which require sophisticated software solutions for operation as what we provide (which is further elaborated in the section headed “Industry Overview”), our Directors are of the view, of which our industry consultant (Frost & Sullivan) concurred, that our solution offerings under our platforms fall within the “Advanced Manufacturing” under the “Advanced Hardware and Software” sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules and the Joint Sponsors are not aware of any material circumstances suggesting the view of the Directors referred above unreasonable.

Business Model and Operational Flow

Our platforms comprise a suite of specialized software modules designed to optimize distinct manufacturing and operational management processes, with both hardware and software integrated for each platform. Our solutions are project-based, our clients may selectively deploy individual software modules to enhance newly built and/or existing facilities or adopt integrated multi-platform software solutions packages for facility development, with all configurations tailored to customer-specific digital transformation and advanced manufacturing objectives.

As an IMSS service provider, we provide our customers with comprehensive services on a project-based model, combining our self-developed software service offerings with externally procured hardware and ancillary materials. During the Track Record Period, hardware and ancillary materials we procured from suppliers include server, controllers, KVM, automated guided vehicles and storage equipment etc. Network cablings were also procured as auxiliary materials for our projects, mainly to assist in the construction of data transmission channels for our core products.

BUSINESS

We conduct business on a project-based model, as our services span through project design, consultation and solution, software integration, on-site implementation, testing and maintenance. Under the project-based business model, hardware and ancillary materials are externally procured and used to interface with our solution systems and serve as auxiliary carriers to facilitate project implementation. All externally-procured hardware is inseparable from our software-centric solutions because such hardware is not a standalone product of our Company for resale — the customers are buying an integrated operating system for their production or equipment products, but not isolated devices. The hardware serves the purpose as the physical execution layer that our software products depend on to sense, control production. Our software products create value by coordinating data, decisions and workflows (for decision making as the “brain”), which can only be realized and implemented through the hardware’s signals and actuators (for executing the movement or action).

Notwithstanding the fact that the hardware is procured from third party suppliers, it is selected by our Company, and typically calibrated, modified and adjusted (as further elaborated below) by us for embedment in our software products and solution, so the hardware becomes part of one engineered system we sell to customers. Without the software, the hardware would not provide the capabilities, functions and achievements that the customers are paying for; without the hardware, the software would have no production environment to control or analyze for presenting or showing the specifications required by customers.

According to Frost & Sullivan, based on public information of market players and expert interview, it is an industry norm that IMSS market players typically disclose revenue on a solution basis that integrates both hardware and software, reflecting the nature of their business and the impracticality of separately disclosing pure software revenue.

We procure hardware as early as in our R&D stage for research and development purpose (not being hardware being embedded in our software products for customer sale) for prompt and early integration and validation with our software solutions. R&D involves pre-selecting suitable hardware for development and adaptation, allowing us to generate a set of hardware computing rules. Thereby, we are able to identify compatibility issues (such as driver conflicts, latency or data throughput bottlenecks) at early stage. This prevents a “software-hardware mismatch” which may otherwise be only discovered and remedied at project implementation stage, risking increased project development cost and delay in project delivery. Calibrated hardware at R&D stage would also facilitate quality and performance of our services as a whole, as our R&D team is able to understand and clear hardware requirements based on testing and development, hence ensuring seamless integration with our software products. After R&D, a set of baseline rules for particular hardware will be developed for adoption and adaptation in the sale projects at project implementation stage.

At project implementation stage, we procure hardware for the particular project when we are engaged by our customers where specific hardware or hardware of certain specification are required to incorporate into the customized project of our customers. Based on the baseline rules we developed at R&D stage, the required hardware specifications for particular project will be defined or calculated by us and tailored for customer based on the customer’s factory size and other requirements. To enable and ensure integration of the hardware with our software products, as part of the blueprint design for project with customers, we will suggest or determine the specific hardware to be procured.

Externally-procured hardware is typically delivered directly from our suppliers to the venue specified by our customers. After delivery to the customer’s site, hardware will be further calibrated, adjusted and modified by our R&D team or technical personnel as we consider necessary to best suit our software offerings for satisfying the specific requirements of customers. The core customized calibration, adjustment and modification for hardware typically include the following:

1. *Underlying protocol adaptation:* firmware secondary development and customization modifications are performed on the underlying drivers and serial/network communication modules of hardware such as industrial control hosts, field acquisition terminals, workstation all-in-one machines, and edge gateways.

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2. *Data acquisition and control function integration:* The equipment and hardware will be embedded with data acquisition points, Input/Output control interfaces, and edge computing programs for better integration with our CIM system for data acquisition.
3. *Physical adaptation:* fixtures, mounts, enclosures, cabling, or tool heads may be modified to fit the customer's process, space, or environmental conditions.

Our software products are typically delivered to our customers through online distribution as well as physical logistics, where the software products are installed, tested and optimized before acceptance by customers. In view of the above, our services to customers include and cover our value-added to the externally procured hardware. We adopt this software-hardware integrated solutions to our customers for the following reasons and advantages:

- *Minimize compatibility issues across multi-vendor:* the hardware-software integrated project model is designed to bridge the gap between digital code and physical machinery, as software protocols shall be compatible with equipment and machinery. As a project-based service provider, we ensure the hardware are pre-configured to work with our software offerings, since as early as in the R&D stage, avoiding communication failures or data lag;
- *Performance optimization:* customized hardware are calibrated, modified or adjusted for specific software algorithms, thereby optimizing software functions and purposes for our customers' production process and performance of their equipment;
- *Streamlined procurement:* from our customers' perspective during project negotiation, they typically prefer one-stop provider for streamlined procurement of service and product offerings for their factory set-up or upgrade, thereby reducing administrative burden, simplifying troubleshooting and enhancing data integrity and security;
- *Pre-staging and testing:* we build, rack, and test the entire integrated system in our laboratory for R&D purpose and the software products will be delivered to our customers through online distribution or directly at our customer's location for embedment into the hardware before launching and executing the integrated software-hardware system to the factory floor of our customers. This "plug and play" approach minimizes on-site installation time and production downtime.

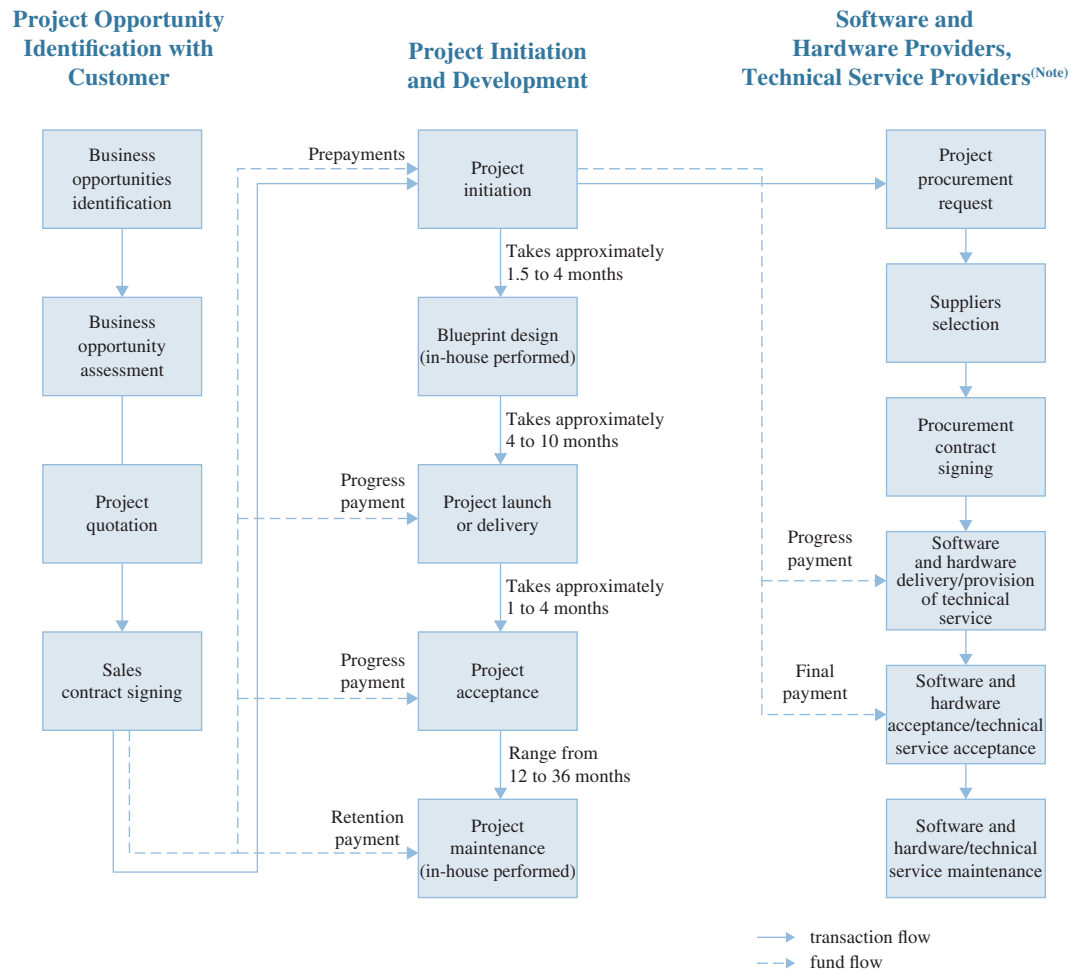
In light of the above, our Company has not engaged in direct resale of hardware purchased from suppliers. The provision of such hardware and ancillary materials to our customers has not been segregated as a standalone business segment.

Based on the above analysis that all externally-procured hardware is inseparable from our software-centric solutions and our Company has not engaged in direct resale of hardware purchased from suppliers, our Directors are of the view that the IMSS qualifies as part of the Specialist Technology business segment under Rule 18C.03(4) of the Listing Rules and the Joint Sponsors are not aware of any material circumstances suggesting the view of the Directors referred above unreasonable.

We also provide customers with maintenance services for our software solutions to ensure the continuous and stable operation and further upgrading, including subsequent technical support or other customer services for clients after the IMSS products and services are provided. Maintenance services are provided either online or on-site based on client requirements.

BUSINESS

The diagram below illustrates the operational flow of our IMSS and the roles of outsourced service providers:



Note: We procure software and hardware from our suppliers, including hardware and equipment such as server and storage equipment, as well as technical services involving outsourcing of non-core software modules and provision of on-site technical services. For details, please refer to “— Our Suppliers” below.

Projects for our IMSS involve project opportunity identification by our sales personnel, followed by business opportunity assessment and quotation. After signing of sales contract with our customers, we generally require customers to make prepayment of an agreed percentage of the project fee. After project initiation, we usually take 1.5 to 4 months to prepare, negotiate, amend and finalize the project blueprint plan with the client. At this stage, we will initiate and discuss with our client the project blueprint plan, with the use of our solutions and hardware selected or recommended by us. The blueprint plan may be varied or modified based on feedbacks from our clients and during the process we may recommend to them or compare the use of different combinations of our software modules and hardware. Projects are usually launched after approximately 4 to 10 months following confirmation of blueprint plan. On-site implementation as per the agreed blueprint plan and testing will usually take 1 to 4 months during which period, we design, develop and adopt our solution modules for our customers according to the blueprint plan. We usually request progress payments when blueprint or design is accepted or when project is launched or delivered. Upon acceptance, remaining contract amount (other than retention payment, if any) shall be paid by customers. Generally, revenue and costs are recognized after acceptance of our clients. Maintenance period (typically ranges from 12 to 36 months) will commence after acceptance and the remaining retention payment will be made after expiry of the maintenance period.

BUSINESS

We charge our customers for the IMSS products and services mainly through a project-based model, whereby, we charge them a fixed total price on a project basis. The pricing of our solutions is generally determined based on R&D investment, operational costs, market conditions and software solution functionality. For details, please see “— Pricing” below.

OUR CORE SOFTWARE PRODUCTS UNDER FIVE PLATFORMS

Manufacturing Operations Platform

Software products under our manufacturing operations platform under the CIM system are for management and control of the entire production process. Our core solutions in this platform include: (i) manufacturing execution system (MES), (ii) quality management system (QMS), (iii) real-time dispatching (RTD) and (iv) advanced planning and scheduling (APS).

Manufacturing Execution System (MESwell®)

The MESwell® System manages, monitors, tracks, and controls manufacturing operations on the shop floor in real time, from raw materials to finished products. It acts as the central nervous system of a smart factory, connecting machines, operators, and higher-level business systems so production can be executed, controlled, and continuously improved based on live data. For semiconductor enterprises, MESwell® ensures precise traceability of each wafer’s processing history and anomaly resolution, thereby ensure manufacturing efficiency and consistency.

Quality Management System (QMS)

QMS is a system to standardize quality control processes across pan-semiconductor industries, spanning across supplier qualification, incoming material inspection, in-process quality control, final inspection, outbound quality assurance, non-conforming product handling, and customer complaint resolution.

Real-Time Dispatching (RTD)

RTD is the automatic, continuous assignment and re-assignment of production work (orders, lots, tasks) to machines and operators based on the current, live status of the shop floor. It is designed for 8-inch and 12-inch fabs to achieve automation and intelligent management in manufacturing operations.

By pre-entering production plans/rules and scheduling rules into the system, RTD combines production data with the real-time status of production equipment. When there is a production dispatch requirement, RTD calculates the optimal batch in real-time, automatically generates scheduling commands (transportation instructions), and sends them to the material control system (MCS) to achieve fully automated production scheduling and transportation.

Advanced Planning and Scheduling (APS)

APS is a system uses real-time data and advanced algorithms to create realistic, optimized production plans and short-term schedules based on real constraints like machines, labor, materials, and customer demand. It formulates reasonable production plans by integrating production performance with plans and adjusting dynamically based on manufacturing execution feedback.

Integrated Automation Platform

Software products under our integrated automation platform under the CIM system are for factory-wide automation and connectivity of equipment and material control. Our core solutions within the integrated automation platform includes: (i) equipment automation program (EAP), (ii) recipe management system (RMS), (iii) block control system (BC) and (iv) material control system (MCS).

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Equipment Automation Program (EAPwell®)

EAPwell® is a system designed to enhance the management of production processes by connecting directly with equipment. It automates the communication, control, and data exchange between manufacturing equipment (machines, robots, sensors) and higher-level systems like MES, enabling seamless integration and real-time shop-floor automation.

Key features include the collection of manufacturing parameters, machine performance data, and detection results, which collectively automate the manufacturing process and help reduce human errors.

Recipe Management System (RMS)

RMS is a system for creating, storing, versioning, and securely distributing production parameters (formulas, parameters, and process instructions) to manufacturing equipment and MES systems. It ensures precise product parameters accuracy by uploading and validating parameter data through equipment automation program (EAP), cross-checking parameter specifications against predefined standards to prevent quality issues caused by parameter deviations. The “Golden Recipe” functionality ensures optimal parameters are applied across devices of the same type.

Block Control System (BC)

BC connects assembly line equipment (e.g. PLCs and robotic arms) and achieves automated control of production within the assembly line. It coordinates and synchronizes multiple interconnected machines or workstations within a production block (a self-contained segment of the manufacturing line). While the EAP focuses on individual equipment as it automates control and data exchange for one machine or robot, BC manages a group of equipment (i.e. a block) as it coordinates multiple interconnected machines as a single unit, synchronizing flow and operations across the production process.

Material Control System (MCS)

MCS tracks, manages, and optimizes the flow of raw materials, work-in-progress, and components from parameters through production to finished goods, ensuring availability without excess inventory. It acts as the logistics brain for materials control that integrates diverse material handling equipment across brands and types from multiple vendors through unified protocols, resolving interoperability challenges between disparate systems and enabling fully automated and seamless cross-device coordination, optimizes material flows by reducing equipment idle time and shortening production cycles.

Intelligent Control and Digitalization Platform

Software products under our intelligent control and digitalization platform facilitate the setting up of central control room through a unified entry platform (single portal login entry for accessing all systems), enabling personnel to monitor factory floor and execute tasks through a remote centralized system to improve the execution efficiency of central control personnel and assists managers in decision-making. Our core solutions within intelligent control and digitalization platform include: (i) Light Off Factory Assistant (LOFA)-PCC/RCM, (ii) LOFA-Bots/RPA and (iii) LOFA-AI/ADC. Glory Industrial General Intelligence (GloryIGI) under this platform is expected to be commercially launched in June 2026.

“Light Off Factory” does not refer to a physically unlit facility, but rather symbolizes a highly intelligent production model that eliminates the need for on-site worker monitoring or manual oversighting operations. The core transformation of this model lies in relocating personnel from the production floor to a Lighthouse Control Center, where factory operations are managed through automated equipment and automated production management system. Workers monitor production statuses and handle anomalies remotely from this centralized hub.

BUSINESS

LOFA serves as the unified entry point for central command centers in fully automated factories, integrating factory management needs such as visualization, control, knowledge management, skill components, automated process execution, and AI-powered recognition and analytics. It aims to establish an intelligent central AI hub for factory operations. Leveraging AI-based image recognition technologies such as optical character recognition, object detection, image classification, template matching, and image feature identification, measurement and localization, LOFA addresses technical challenges including automated defect classification, defect location detection, and interface character recognition, ultimately achieving highly precise, unmanned, real-time automated operations without disrupting workflows or risking data leaks across entire workflows.

LOFA-PCC/RCM

Remote control management (RCM) enables real-time acquisition of holistic data streams from human machine interface (being the point of interaction between a human and a machine or system), vision sensors, and physical control terminals to achieve centralized, remote monitoring, diagnostics and control of factory equipment, processes and systems.

LOFA-Bots/RPA

Robotic Process Automation (RPA) is designed to mimic human actions for delivering business automation from the initial stages of production to the final output by leveraging intelligent technologies to “replace human labor” in repetitive, low-value, and rule-based workflows. It enhances operational efficiency and reduces error rates through automated execution of fixed processes.

LOFA-AI/ADC

Auto defect classification (ADC) is designed to automatically locates and analyzes defect images from inspection tools to categorize defects (such as scratches, cracks or discolorations in images) by type, severity, and root cause. It can be applied to the production process of image-related detection equipment, which mainly aims to improve the defect detection rate of equipment by replacing manual review with machine learning, and reduce the costdown of defective products and manpower.

Glorysoft Industrial General Intelligence (GloryIGI)

GloryIGI represents our solution tailored for the pan-semiconductor industry which is designed to drive holistic intelligent transformation through AI-driven solutions to accelerate operational efficiency and innovation through the integration of accumulated industry knowledge, data assets, and entire system interoperability. By bridging expertise with vertical-specific scenarios, GloryIGI aims to enable precise value realization across critical manufacturing workflows, from process optimization to decision intelligence.

Intelligent Big Data Engine Platform

Software products under our intelligent big data engine platform centre on intelligent algorithms, big data analytics and machine learning, data from CIM system is collected and analyzed to further optimize the process to enhance precision and improve yield rate; and to deliver intelligent decision-making support for critical industrial applications. Our core solutions include: (i) yield management system (YMS), (ii) fault detection and classification (FDC) system. In addition, virtual metrology (VM) and equipment health management (EHM) has been under R&D during the Track Record Period and is expected to be commercially launched in June 2026.

BUSINESS

Yield Management System (YMS)

YMS is an analytics system that collects, processes, and analyzes production data (especially defect, metrology, and process metrics), to optimize production yield and quality control in pan-semiconductor industries. Leveraging AI-driven big data analytics and integrating with MESwell®, YMS enables real-time monitoring of yield metrics, defect patterns, and process deviations across multi-site operations. The system centralizes data from diverse sources (e.g., equipment parameters, defect maps, and test results) to transform reactive quality management into proactive, predictive insights, ensuring compliance with stringent industry standards while minimizing scrap and operational inefficiencies.

Fault Detection and Classification System (FDC)

FDC system is designed to monitor the stability of equipment sensor data (e.g., temperature, pressure, vibration) to detect process deviations and automatically classify their root causes in real-time through multi-source data collection, statistical analysis, and modeling, aiming to prevent yield loss and downtime in semiconductor fabs.

While both FDC and ADC relate to defect or fault detection and classification, FDC and ADC target different stages and data types in semiconductor workflows, FDC focuses on detecting equipment/process faults (e.g., sensor drifts) via real-time sensor telemetry to prevent defects (before defects occur), while ADC detects physical defects (e.g., particles) and handles reactive defect analysis via imaging (after defects occur).

Virtual Measurement and Equipment Health Management (VM&EHM)

VM is an AI-driven software solution designed to collect and process equipment parameters (e.g. temperature, pressure), process steps and measurement data from MESwell®, FDC, and EAP systems to build predictive models and to predict product characteristics (e.g. film thickness, impedance, line width) by integrating equipment and process parameters with statistical and machine learning models without performing a full physical metrology step. VM aims to enable 100% virtual inspection of production wafers, replacing traditional sampling methods.

EHM is a predictive analytics software product that continuously monitors equipment performance metrics (such as vibration, temperature, pressure, throughput) through real-time parameter analysis to assess tool “health” (i.e. operating conditions), predict equipment performance degradation and failures and optimize maintenance schedules.

Adopting the same underlying modeling tool, VM & EHM are expected to operate synergistically within our intelligent big data engine platform. VM focuses on product quality assurance by virtualizing physical inspections and optimizing process parameters, while EHM aims to ensure equipment reliability through predictive operating condition management. Together, they form a system where feedback from one part of the system is used to continuously improve and optimize another part, creating a cycle of real-time data integration and corrective actions: VM’s real-time process data will enhance EHM’s predictive accuracy, and EHM’s equipment operating condition insights will safeguard VM’s operational continuity.

Digital Equipment Platform

Software products under our digital equipment platform achieve data exchange between industrial equipment and data conversions, to enable automated equipment control during the production process. They assist equipment manufacturers to develop equipment that is more compliant with semiconductor industry standards and also enables smooth integration and interoperability with our CIM system. Our core solutions include: (i) cluster tool framework (CTF), (ii) equipment communication convert module (iEQ) and (iii) process design and simulation (PDS).

BUSINESS

Cluster Tool Framework (CTF)

CTF is designed for semiconductor equipment and is used in production line composed of multiple pieces of equipment to integrate and control numerous components in an equipment.

Equipment Communication Convert Module (iEQ)

iEQ provides data exchange services between industrial equipment for enterprises in the pan-semiconductor industry. The software product enables real-time conversion and translation of raw data from various equipment data exchange protocols such as PLCs (Programmable Logic Controllers) into standardized SECS/GEM protocols, while establishing seamless integration with upper-layer CIM system.

Process Design and Simulation (PDS)

PDS platform is a simulation and correction tool designed to optimize semiconductor manufacturing processes. It refers to process modeling tools that digitally simulate semiconductor fabrication steps — implantation, etching, deposition, lithography, thermal processes — to predict outcomes, optimize product parameters, and shorten development cycles before physical runs. It enables modeling and analysis across process design, equipment integration, and production workflows, addressing critical challenges in lithography and fabrication.

APPLICATION SCENARIO FOR OUR SYSTEM MODULES

To better illustrate how customers in various pan-semiconductor industries can benefit from our service offerings of industry-specific software solutions that cover a wide range of business scenarios, we present the following application scenario of our products in our customers’ business:



Case Study: Manufacturing Operations Platform + Integrated Automation Platform + Intelligent Control and Digitalization Platform

We provided solutions from our manufacturing operations platform, integrated automation platform and intelligent control and digitalization platform to Customer XX, which brought the following benefits:

Improved Production Efficiency

The synergy between our solutions and our customer’s new equipment has led to a qualitative leap in the operational efficiency of individual machines. For example, the speed of the new wire bonding machine increased from 18 wires/second to 22 wires/second, and the maximum track width for chip frame products on the new die bonder was raised from below 70mm to 100mm. Overall labor productivity increased by 14% during peak production periods. Our solutions enabled customer’s manufacturing system to adapt to the testing requirements of chip packages with different specifications, allowing flexible adjustment of production tasks without downtime, further enhancing the overall operational efficiency of the production lines.

BUSINESS

Optimized Costs and Delivery Cycles

The customer reduced energy consumption by 18% during peak production periods, significantly cutting energy expenditure in high-consumption production stages like chip packaging and testing. Regarding order fulfillment, the packaging order cycle was shortened by 45% enabling swift response to urgent orders for power devices from industries such as drones and new energy vehicles, thereby strengthening downstream customer collaboration and loyalty.

Enhanced Product Quality Control

Product quality can be accurately traced back to key elements such as materials, tools/fixtures, equipment, personnel, and production time. This comprehensive traceability capability from the initial stages of production to final output allows for rapid identification of the root cause of quality issues and reduces defective products. The customer’s scenarios for lean production management and precise quality traceability were selected for the 2023 MIIT list of outstanding smart manufacturing scenarios.

Digital Transformation of Management Model

Customer’s production process has achieved visual and digital management. Its staff can view real-time data directly on computer screens. This enables production monitoring and problem troubleshooting without the need to traverse the entire workshop, significantly reducing management difficulty and minimizing human errors in management.



Case Study: Integrated Automation Platform + Intelligent Big Data Engine Platform

We assisted Customer YY to establish a 5G+ industrial private network and an industrial internet platform, and integrate systems to build a smart factory, which helped our customer to achieve benefits in production efficiency, cost control, product quality and synergic effects. The specific benefits are as follows:

Dual Improvement in Production and R&D Efficiency

The new display device smart manufacturing industrial internet platform has increased the customer’s production efficiency. Meanwhile, leveraging the “1+1+N” system of 5G + industrial internet, the efficiency of smart production lines and equipment maintenance have also improved, eliminating prolonged downtime for repairs and ensuring stable production line operation.

In R&D, significant achievements have been made: through data collaboration on the intelligent platform, product development cycles have been shortened by 15%. As confirmed by Customer YY, the employment of our solutions, combined with their R&D investment, have helped it to achieve breakthroughs in key core technologies in new display fields.

BUSINESS

Enhanced Product Quality and Production Control

Through our solutions, Customer YY implemented applications such as 5G industrial high-definition visual quality inspection which reduced product defect rates, and increased production line yield rates steadily above 98%.

Meanwhile, through data interconnection between underlying equipment via BC and our other solutions, comprehensive data traceability across design, production, quality inspection, and other processes has been achieved. This enables rapid identification of quality issues through FDC data simulation for quality inspection while leveraging functions like dynamic production line scheduling to flexibly adapt to production demands. This has fundamentally transformed the traditionally passive approach to production control.



Case Study: Digital Equipment Platform

We provided CTF and iEQ of our digital equipment platform to Customer ZZ, which is a manufacturer of semiconductor lithography equipment, whose end customers include chip factories. It applied our solutions in the domestically-replaced semiconductor equipment to achieve equipment independency.

The customer purchased our solutions at its equipment R&D stage. Before using our platform, Customer ZZ has purchased one of our competitors' solution products for its equipment device having similar functions as CTF. The customer chose to purchase our solutions having considered our Group's ability to facilitate domestic production with cost-effectiveness, coupled with our provision of technical support that suited customer's need.

Our platform was applied to the customer's advanced panel-level packaging equipment (including dual robotic arms). After implementing our solutions, Customer ZZ has achieved the following efficiency: (i) in terms of implementing central control, the complexity of dual robotic arms is higher than that of traditional single robotic arm, and a version with three robotic arms has been adjusted which allowed for greater practicality; (ii) application of our platform has enabled multi-module integrated control of our customer's equipment; and (iii) our platform meets our customer's equipment transmission efficiency requirements and its packaging efficiency.

This customer has conducted a cost-benefit analysis by comparing cost budget data with the final profit calculation. It also made an analysis on improvement of production efficiency by comparing software offered by one of our competitors (being another supplier of Customer ZZ). As confirmed by Customer ZZ, it has achieved a cost-efficiency advantage of about 30% as compared to using products of our competitor.

BUSINESS

BREAKDOWN OF REVENUES, GROSS PROFITS AND GROSS PROFIT MARGINS

Revenue, Gross Profit and Gross Profit Margin by Types of Goods and Services

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by types of goods and services (i.e., IMSS and maintenance services) during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the years indicated:

	Year ended December 31,											
	2023				2024				2025			
	revenue		gross profit		revenue		gross profit		revenue		gross profit	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
IMSS												
– CIM software solutions ^{Note}	136,875	82.7	29,978	21.9	195,477	78.5	45,203	23.1	214,931	71.6	32,240	15.0
– intelligent control and digitalization platform	20,505	12.4	1,587	7.7	44,657	17.9	10,624	23.8	41,379	13.8	3,956	9.6
– intelligent big data engine platform	217	0.1	14	6.5	3,052	1.2	1,488	48.8	23,566	7.8	6,890	29.2
– digital equipment platform	6,180	3.8	200	3.2	3,412	1.5	(656)	(19.2)	18,359	6.1	7,762	42.3
IMSS Subtotal	163,777	99.0	31,779	19.4	246,598	99.1	56,659	23.0	298,235	99.3	50,848	17.0
Maintenance services	1,717	1.0	1,240	72.2	2,293	0.9	534	23.3	2,106	0.7	860	40.8
Total	165,494	100.0	33,019	20.0	248,891	100.0	57,193	23.0	300,341	100.0	51,708	17.2
Provision for onerous contracts, net			(3,057)				(9,196)				(1,741)	
Impairment losses on inventories, net			(24,258)				(15,247)				(7,327)	
Total			5,704	3.4			32,750	13.2			42,640	14.2

^{Note}: comprising manufacturing operations platform and integrated automation platform

Revenue, Gross Profit and Gross Profit Margin by Downstream Sectors that Customers Operated in

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by downstream sectors that our customers operated in during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the years indicated:

	Year ended December 31,											
	2023				2024				2025			
	revenue		gross profit		revenue		gross profit		revenue		gross profit	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Semiconductor	76,552	46.3	10,864	14.2	78,591	31.6	17,050	21.7	124,803	41.6	22,688	18.2
Display panel	54,125	32.7	15,123	27.9	104,882	42.1	26,529	25.3	83,697	27.9	20,950	25.0
Printed circuit board	15,652	9.4	6,248	39.9	48,155	19.3	9,132	19.0	64,580	21.5	6,462	10.0
Photovoltaic	19,165	11.6	784	4.1	17,263	7.0	4,482	26.0	27,261	9.1	1,608	5.9
Total	165,494	100.0	33,019	20.0	248,891	100.0	57,193	23.0	300,341	100.0	51,708	17.2

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	Year ended December 31,											
	2023				2024				2025			
	revenue		gross profit		revenue		gross profit		revenue		gross profit	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Provision for onerous contracts, net.			(3,057)				(9,196)				(1,741)	
Impairment losses on inventories, net.			(24,258)				(15,247)				(7,327)	
Total.			5,704	3.4			32,750	13.2			42,640	14.2

Revenue, Gross Profit and Gross Profit Margin by Geographical Location of Customers

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by geographical location of our customers during the Track Record Period, both in absolute amounts and as a percentage of total revenue, for the years indicated:

	Year ended December 31,											
	2023				2024				2025			
	revenue		gross profit		revenue		gross profit		revenue		gross profit	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Chinese Mainland.	164,583	99.4	32,203	19.6	246,554	99.1	56,123	22.8	296,339	98.7	49,467	16.7
Others*.	911	0.6	816	89.6	2,337	0.9	1,070	45.8	4,002	1.3	2,241	56.0
Total.	165,494	100.0	33,019	20.0	248,891	100.0	57,193	23.0	300,341	100.0	51,708	17.2
Provision for onerous contracts, net.			(3,057)				(9,196)				(1,741)	
Impairment losses on inventories, net.			(24,258)				(15,247)				(7,327)	
Total.			5,704	3.4			32,750	13.2			42,640	14.2

* Mainly comprising Southeast Asia and the Taiwan region of China.

Please refer to “Financial Information — Key Components of our Consolidated Statements of Profit or Loss” and “Period to Period Comparison of Results of Operations” for the reasons for the fluctuations of our revenue, gross profit and gross profit margin.

BUSINESS

Revenue, Gross Profit and Gross Profit Margin by software and hardware components of our Group’s solutions

The following table sets forth a breakdown of the revenue, gross profit and gross profit margin by software and hardware components of our Group’s solutions during the Track Record Period for the years indicated. As disclosed in the section headed “Business – Our Five Platforms and Solution Offerings – Business Model and Operational Flow” in this document, we conduct business on a project-based model under which we procure hardware and ancillary materials from external parties and use them to interface with our solution systems and serve as auxiliary carriers to facilitate project implementation. All externally procured hardware is inseparable from our Group’s software-centric solutions because such hardware is not a standalone product of our Company for resale. The following table is prepared based on the assumptions set out in the notes below and is for illustrative purposes only:

Year ended December 31,																
2023						2024					2025					
revenue		gross profit		Gross profit margin		revenue		gross profit		Gross profit margin		revenue		gross profit		Gross profit margin
RMB'000	%	RMB'000	%	%		RMB'000	%	RMB'000	%	%		RMB'000	%	RMB'000	%	%
Hardware . . .	45,988	27.8	3,822	11.6	8.3	77,028	30.9	6,986	12.2	9.1	60,824	20.3	4,985	9.6	8.2	
software . . .	119,506	72.2	29,197	88.4	24.4	171,863	69.1	50,207	87.8	29.2	239,517	79.7	46,723	90.4	19.5	
Total	165,494	100.0	33,019	100.0	20.0	248,891	100.0	57,193	100.0	23.0	300,341	100.0	51,708	100.0	17.2	

Notes:

For the purpose of presenting the breakdown of revenue, gross profit and gross profit margin between hardware and software components within our Group’s solutions, we have applied a consistent allocation methodology based on the following hierarchy of data:

1. contractual specification: revenue is first allocated based on the specific fees for hardware components as expressly stipulated in certain of the underlying service contracts with our customers;
2. project forecasts: for projects where hardware fees are not explicitly set out in the service contracts but with internal project budget or revenue forecasts prepared at the commencement of the engagement, revenue is allocated based on the proportion of hardware components prices to the total budgeted project prices as stipulated in the internal project budget or revenue forecasts; and
3. cost-plus estimation: in the absence of specific contractual pricing or internal project forecasts, revenue for hardware components is derived using a cost-plus methodology. This involves applying a reasonable estimated margin — with reference to the average gross profit margin achieved during the Track Record Period as calculated in note 1 and 2 above — to the actual hardware costs incurred for the respective project.

DETAILS OF OUR PROJECTS

Our Major Projects

The following tables set forth details of our top five projects in terms of recognized revenue during the Track Record Period:

Year ended December 31, 2023

Solution Provided	Commencement Date	Completion Date	Place of Implementation	Way of Obtaining Project	Contract Sum (tax incl.)	Recognized Revenue for the year
					(RMB’000)	(RMB’000)

1. Customer B, located in Sichuan, primarily engaged in the development, and manufacturing of semiconductor products, including integrated circuits and related technologies.
CIM Software Solutions . . . September 2021 . . . March 2023 . . . Chengdu . . . Bidding . . . 31,080 . . . 28,507

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Solution Provided	Commencement Date	Completion Date	Place of Implementation	Way of Obtaining Project	Contract Sum (tax incl.) (RMB'000)	Recognized Revenue for the year (RMB'000)
2. A company under Customer Group A, located in Chongqing, specializing in R&D, manufacturing and sales of semiconductor display devices and related products. Integrated Automation				Direct		
Platform	March 2022	October 2023	Chongqing	Negotiation	10,170	9,000
3. A company under Customer Group C, located in Guangdong, providing software, automation, cloud services and photovoltaic technology. Integrated Automation						
Platform	February 2022	June 2023	Guangzhou	Bidding	8,162	7,700
4. A company under Customer Group A, located in Chongqing, specializing in R&D, manufacturing and sales of semiconductor display devices and related products. Intelligent Control and				Direct		
Digitalization Platform	December 2020	August 2023	Chongqing	Negotiation	5,800	5,133
5. A company under Customer Group C, located in Hubei, specializing in R&D and sale of industrial automation equipment and components and the technological development and sale of computer hard and software. Manufacturing Operations						
Platform	July 2022	March 2023	Wuhan	Bidding	5,105	4,816

Year ended December 31, 2024

Solution Provided	Commencement Date	Completion Date	Place of Implementation	Way of Obtaining Project	Contract Sum (tax incl.) (RMB'000)	Recognized Revenue for the year (RMB'000)
1. Xiamen Tianma Display Technology Co., Ltd., located in Fujian, principally engaged in the production and sales of display technologies. Intelligent Control and				Direct		
Digitalization Platform	November 2021	July 2024	Xiamen	Negotiation	34,465	30,500
2. Customer F, located in Guangdong, principally engaged in R&D, production and sales of PCB products. Integrated Automation						
Platform	June 2023	April 2024	Guangzhou	Bidding	18,500	16,372
3. Xiamen Tianma Display Technology Co., Ltd., located in Fujian, principally engaged in the production and sales of display technologies. Integrated Automation				Direct		
Platform	January 2022	January 2024	Xiamen	Negotiation	17,402	15,400
4. A customer located in Sichuan, providing display and photonic device manufacturing. CIM Software Solutions	March 2022	December 2024	Mianyang	Bidding	11,300	10,000
5. A company under Customer Group A, located in Beijing, providing digital technology services and engineering solutions. Integrated Automation				Direct		
Platform	September 2022	March 2024	Chongqing	Negotiation	5,978	5,290

Year ended December 31, 2025

Solution Provided	Commencement Date	Completion Date	Place of Implementation	Way of Obtaining Project	Contract Sum <i>(tax incl.)</i>	Recognized Revenue for the year
					<i>(RMB'000)</i>	<i>(RMB'000)</i>
1. Customer G, located in Shantou, primarily engaged in the production of circuit boards, laminates and packaging substrates.				Direct		
CIM Software Solutions	September 2021	May 2025	Shantou	Negotiation	14,000	12,389
2. Customer H, located in Jinan, primarily engaged in software development and the sales of display devices and electronic products.				Direct		
Intelligent Control and Digitalization Platform	December 2024	April 2025	Beijing	Negotiation	13,135	11,747
3. Customer I, a scientific research institute based in China, primarily engaged in the design, development and production of semiconductor equipment.						

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Solution Provided	Commencement Date	Completion Date	Place of Implementation	Way of Obtaining Project	Contract Sum (tax incl.) (RMB'000)	Recognized Revenue for the year (RMB'000)
Digital Equipment Platform	December 2024	December 2025	Changsha	Direct Negotiation	9,600	9,057
4. A company under Customer Group A, located in Guangdong, specializing in the R&D, production and sales of semiconductor lighting devices and integrated circuit chip.						
CIM Software Solutions	May 2024	November 2025	Zhuhai	Direct Negotiation	8,925	8,400
5. A customer located in Xinjiang, primarily engaged in the research and development, production and sale of silicon-based new materials.						
CIM Software Solutions	December 2023	March 2025	Xinjiang	Direct Negotiation	15,000	8,357

Our Backlog Projects

The table below sets forth the movement of our IMSS contract backlog during the Track Record Period in terms of order value and number of contracts:

	For the year ended December 31,		
	2023	2024	2025
Backlog at the beginning of the period⁽¹⁾			
Order value (RMB'000)	366,855	386,997	375,947
Number of contracts	239	243	228
New orders for the period⁽¹⁾			
Order value (RMB'000)	199,486	235,056	313,982
Number of contracts	237	260	298
Revenue recognized for the period – from backlog at the beginning of the period⁽¹⁾			
Recognized revenue (RMB'000)	146,928	224,457	179,438
Number of contracts	144	166	184
Revenue recognized for the period – from new order for the period⁽¹⁾			
Recognized revenue (RMB'000)	16,849	22,141	118,797
Number of contracts	90	113	170
Backlog at the end of the period⁽¹⁾			
Order value (RMB'000)	386,997	375,947	378,884
Number of contracts	243	228	180

Notes:

- (1) The sum of backlog at the beginning of the year plus new orders for the year minus revenue recognized for the year from backlog at the beginning of the year and revenue recognized for the period from new orders for the period, in terms of both value and number of contracts, does not equal backlog at the end of the period, primarily because (i) certain orders spanned multiple fiscal years and were not fully executed within the current year; (ii) a few orders were canceled or discontinued during the current year; and (iii) work orders and instruction varied during the current year.

As of the Latest Practicable Date, there were 186 IMSS contract backlog with the total order backlog amounted to RMB431.3 million.

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Our Early-Terminated/Loss-Making and Suspended Projects

The table below sets forth numbers and associated losses incurred for such early-terminated and/or loss-making projects during the Track Record Period:

	For the Year Ended December 31,					
	2023		2024		2025	
	Number of Projects	Loss Amount ⁽³⁾ (RMB'000)	Number of Projects	Loss Amount (RMB'000)	Number of Projects	Loss Amount ⁽³⁾ (RMB'000)
Early-terminated ⁽¹⁾	4	–	–	–	1	–
Loss-making ⁽²⁾	58	4,082.4	69	3,800.9	68	15,734.4

Notes:

- (1) Early-terminated projects refers to projects for which termination agreements were signed before project acceptance was completed.
- (2) Loss-making projects refers to accepted projects with recognized revenue where the revenue recognized for the project in a year minus cost of sales of goods and services for the same project in that year is negative.
- (3) Early termination without losses incurred in 2023 and 2025 because the projects had not commenced actual implementation.

We had four and one early-terminated projects in 2023 and 2025 respectively mainly due to, to the best knowledge of our Directors, (i) incompatibility of customers’ hardware or equipment leading to discontinuation of implementation of our software solutions; and (ii) funding issue of our customers. During the Track Record Period, we had loss-making projects, which was primarily resulted from (i) business strategy to explore new types of business and customers with strategic value, with relatively low contract fee; and (ii) changes in customer requirements or their operation conditions during the project implementation process. In particular, for 2025, we incurred loss of about RMB3.7 million for a project with Customer G being the first domestic PCB industry achieving IoT integrated CIM system. We offered relatively low contract fee for strategic business development purpose and additional costs incurred during project launch due to practical difficulty in evaluating initial costs for the first project of this nature.

During the year ended December 31, 2023, we had four project suspended due to the change in customers’ requirements or their operation condition during the project implementation process. The impairment losses on inventories relating to these suspended projects recorded for the year ended December 31, 2023 was RMB5.6 million. Save for the four suspended projects for the year ended December 31, 2023, there was no other suspended project during the Track Record Period. As at the Latest Practicable Date, one of the suspended projects has completed final acceptance, one of the suspended projects is still in progress and two of the suspended projects are going through payment recovery procedures.

BUSINESS

CORE TECHNOLOGIES EMBEDDED IN OUR INTELLIGENT MANUFACTURING SOFTWARE SOLUTIONS

Technology serves as the foundation of our operations and is integral to our sustained business growth. Through years of independent R&D, we have continuously developed a number of core technologies that enable us to provide solutions in the field of advanced manufacturing. Our core technologies include:

Core Technologies	Software Solutions	Description and Advantages	Target Application Industries
Manufacturing Process Management	MES	The technology supports manufacturing management of complex process for 12-inch front-end 18-nanometer semiconductor fabs. It features (i) a unified, high-performance framework platform architecture that is scalable and manageable, ensuring seamless integration with peripheral application systems; and (ii) a mature J2EE architecture on the server side. The technology allows logical production, traceability, stability, process integration and refined batch data, providing scalability, flexibility and maintainability to meet enterprise software requirements for high availability, reliability and extensibility.	Semiconductor, display panel, PCB and photovoltaic industries
AI	GloryIGI and LOFA-AI/ADC	The technology primarily involves algorithms, data models, and data processing systems. Through techniques such as machine learning, deep learning, and natural language processing, it aims to empower production equipment with capabilities to perceive operational environments, interpret commands, execute autonomous decision-making, and drive process innovation. This is designed to enable production managers to resolve complex operational challenges, enhance workflow efficiency, and reduce overall manufacturing costs.	(i) Semiconductor, display panel, PCB, photovoltaic industries, (ii) manufacturing equipment software
Simulation	VM&EHM and PDS	The technology involves modeling and algorithms to simulate the behavior of real systems, expected to provide a virtual experimental environment for analysis, forecasting, and optimization in the production process, thereby enabling the optimization and rapid iteration of process flows.	(i) Semiconductor, display panel, PCB, photovoltaic industries (ii) manufacturing equipment software
Remote Centralized Control	LOFA-PCC/RCM and LOFA-AI/ADC	The technology enables remote operation and collaborative optimization of decentralized devices through real-time communication, intelligent decision-making, and centralized management, replacing manual intervention with autonomous decision-making to enhance decision-making efficiency, enable cross-factory collaboration, predict faults, and reduce labor costs.	Semiconductor, display panel, PCB, photovoltaic industries

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Core Technologies	Software Solutions	Description and Advantages	Target Application Industries
Yield Analysis	YMS and FDC	Yield analysis technology enhances product quality and improves yield rate through data mining, root cause identification, and error detection.	Semiconductor, display panel, PCB, photovoltaic industries
Equipment Automation .	CTF	The technology achieves autonomous operation and optimized management of manufacturing devices through intelligent control, sensing, and execution technologies, enabling high-precision control, unmanned production, and real-time response.	Manufacturing equipment software
Production Equipment Networking and Automation Control . .	EAP/BC	The technology achieves comprehensive monitoring of the entire production process, real-time optimization of manufacturing operations, and systematic product parameters management for equipment.	Semiconductor front-end, assembly and test, crystal pulling and other pan-semiconductor industries

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new solutions and services, and enhance existing solutions and services is critical for maintaining our market position.

Our Research and Development Team

Our R&D team consists of dedicated talents with specialized expertise and industry experience, focusing on developing and commercializing our IMSS to maintain our technological advantages and market competitiveness. Our R&D team consisted of 136, 108 and 148 members as of December 31, 2023, 2024 and 2025, representing 24.1%, 22.1% and 26.9% of our total employees, respectively. In 2023, we allocated and hired additional R&D staff for R&D projects of 12-inch CIM system. After completion of the specific R&D project in 2024, some R&D personnel were transferred to project implementation team, leading to the decrease in R&D team members in 2024. In 2025, additional R&D members were recruited and reallocated due to business expansion plan, especially in PDS. In 2025. The attrition rate of our R&D team was 7.2%, 15.8%, 14.5% and 7.0% for each of the three years ended December 31, 2025 and as at the Latest Practicable Date. The attrition rate is calculated by dividing the number of R&D staff who left our Group or were transferred out of our R&D team during the year/period by the total number of R&D team member as at the end of the previous year/period. The increase in our R&D attrition rate in 2024 was primarily driven by the abovementioned transfer of R&D personnel in 2024, followed by the natural turnover associated with rapid headcount expansion and the onboarding of new personnel to support our PDS growth initiatives in 2025. They possess multi-disciplinary expertise, such as mathematics, computer science, physics and semiconductor technology, which collectively bring insights and experience to our R&D. As of December 31, 2025, 18.9% of our R&D team members obtained master’s degrees or above.

Core Research and Development Members

As of the Latest Practicable Date, our core R&D team members has an average of about 15 years’ industry experience in pan-semiconductor industry, their profiles are set out below:

Our CTO, Mr. Wang Wen-Jui (王文瑞), holds a bachelor degree in electrical engineering from Kun Shan University (崑山科技大學) in Taiwan. Mr. Wang has about 20 years of extensive experience in managing production and automation within the display panel industry, and has led intelligent manufacturing transformation initiatives in our Company. Mr. Wang has a strong background in display panel automation, manufacturing processes, and factory planning, specialized in data analysis and automation solutions.

Our CIM Product Manager, Ms. Chen Xiangfang (陳湘芳), holds a master degree in computer science from Shanghai Ocean University (上海海洋大學) in PRC. Ms. Chen has six years of experience in computer integrated manufacturing (CIM). Currently, she leads the CIM product business line to provide professional and customized solutions to different clients. She has been involved in a number of large-scale projects, serving in various key roles such as solution expert and technical director.

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Our technical director, Mr. Jiang Zhi (姜志), holds a master’s degree in computer application technology from Wuhan University (武漢大學) in PRC. Mr. Jiang Zhi has over 16 years of experience in manufacturing execution system (MES) development, software design, including 12 years specializing in software solution and system architecture design. Mr. Jiang Zhi focuses on IMSS for semiconductor and related industries, and he is proficient in semiconductor production workflows and MES integration. Mr. Jiang Zhi excels in complex system architecture design and cross-platform technology consolidation, driving the localization of MESwell[®] solutions in semiconductors and display panel manufacturing.

Our product director, Mr. Jiang Gang (姜罡) holds a master’s degree in Optics from Beijing University of Technology (北京工業大學) in PRC. Mr. Jiang Gang has over 15 years of expertise in semiconductor CIM and MES systems, and he combines hands-on experience from both client and vendor perspectives. Skilled in full-cycle MES management such as requirement analysis, architecture design, and deployment, he is adept at semiconductor production, CIM integration and commands technical expertise in programming.

Our technical director, Mr. Lu Caijun (鹿才軍), holds a bachelor’s degree in computer applications from Anhui University of Technology (安徽工業大學) in PRC. Mr. Lu has over 19 years of software development experience, including over ten years in software design and research and development management. Mr. Lu specializes in industrial digitalization and data intelligence, and he is proficient in programming and big data analytics frameworks, Mr. Lu excels in implementing AI algorithms and industrial data mining solutions, demonstrating cross-domain expertise in transitioning from fintech to intelligent manufacturing.

Research and Development Capabilities and Centers

We offer self-development R&D of IMSS, focusing on continuous technology iteration and innovation to enhance our core competitiveness. We consistently drive innovation since our inception, and our business milestones include delivering several industry-first projects. Notably, in early 2023, we successfully delivered the domestically-developed CIM system with core MES system for the 12-inch front-end 18-nanometer process, denoting our achievement for breakthrough in delivering fully automated IMSS for 12-inch wafer fabrication with production system management across the entire factory. Furthermore, we increased investment in the refined development of PDS in December 2024, and we have achieved correction technologies as compared with those controlled by overseas industry leaders through self-developed algorithms. We have obtained client’s acceptance on product layout test achieving 2nm which was far below the modification requirement of the 28nm process of electron beam lithography. These two R&D projects have met the requirements of our clients’ technical specifications and are in the late-stage testing and maintenance phase.

Besides, our Company was registered as a standard enterprise member of Semiconductor Equipment and Materials International (SEMI) in 2020. We also actively participated in the preparation of one industrial standard in PCB industry and published a number of white papers. We insist on in-house R&D and did not engage in outsourced R&D activities that were material to our R&D operations during the Track Record Period. However, we may leverage external resources such as equipment to integrate resources and enhance our own R&D capabilities.

During the Track Record Period and up to the Latest Practicable Date, we have not in-licensed any material intellectual property rights. During the Track Record Period, we collaborated with leading domestic universities and research institutes in the PRC for a number of research initiatives such as simulation software in the field of semiconductor lithography and AI quotation system. In particular, we entered into a cooperation agreement with each of Shenzhen University and Xi’an Jiaotong University, with terms of three months and one year respectively. Pursuant to these agreements, we engaged the counterparties to provide technical services in relation to the research and development of PDS and to conduct research on electron beam lithography. The service fee under the agreements were either payable in instalments upon completion of specified milestones, or as a one-off payment within the first month of the contract period.

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The cooperation agreements set out, among other things, the respective obligations of the parties, confidentiality arrangements, and the ownership and allocation of R&D outcomes. Pursuant to these agreements, all R&D results and intellectual property rights arising therefrom are vested in us, while the copyrights of research reports are owned by the respective counterparties, subject to our royalty-free right to use such research reports. Each of these cooperation agreements shall terminate upon full performance of all contractual obligations by the relevant parties. In addition, either party of each agreement may terminate the agreement by written notice to the other party if force majeure or technical risks render performance of the relevant agreement impossible. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any legal claims or proceedings that may have an material adverse impact on the R&D of our IMSS.

During the Track Record Period, we also collaborated with external institutions on various R&D projects of AI large model products. Pursuant to those agreements, all R&D results and all source code including those related to secondary development of the functions arising therefrom are vested in us. Such agreements shall terminate upon full performance of all contractual obligations by the relevant parties, or according to circumstances stipulated in the agreements.

Given the critical role of R&D in our operations and the diverse requirements across business segments, we have structured our R&D function into four specialized functions or areas:

Joint Laboratory Center: Primarily responsible for developing new software solutions. Its main responsibilities include: (i) overseeing the planning and management of new software solutions in alignment with our strategic development and industry trends; (ii) conducting market demand identification and analysis to determine the types of software solutions to be developed and the technologies and business models to be adopted; (iii) recruiting high-end personnel for external cooperation and explore and incubate new future scene products. After incubation, the relevant team member(s) will be transferred to the product development center or an independent center or business units will be established. Such incubation may involve cooperation with industry consultant, product manager and/or external institutions; and (iv) collaborating with the sales and marketing departments to facilitate the sales and promotion of relevant software solutions. Once the software solutions has been developed, product development center will be responsible for its further upgrades and growth;

Product Development Center: Primarily responsible for the upgrading and further development of our existing individual modules (e.g. MES, YMS and AI quotation system). Its main responsibilities include: (i) leading the center in implementing software solutions development and research work, and formulating development plans for function requirement for application scenarios; (ii) developing growth roadmaps; (iii) analyzing technology and market development trends by collecting market information and studying and analyzing technical advancements and customer demand information, providing a basis for formulating software solutions development plans and software solutions approvals;

Core Research and Development Center: Primarily responsible for developing and upgrading our platforms. Its main responsibilities include: (i) establishing a unified R&D technology platform that allows for sustainable accumulation, ensuring the platform’s overall development efficiency, advancement, usability, stability, and capability for sustainable development; (ii) ensuring the successful execution and inclusion of the modules’ function requirements developed by the product development center onto the platforms and smooth delivery of our projects, while assisting the product development center in promptly following up on market feedback and understanding customer usage conditions; and (iii) managing the our core technologies, organizing the formulation and implementation of significant technical decisions and technical plans;

Solutions Advisory Center: Primarily responsible for designing optimal software solutions in accordance with customers’ need and tracking their implementation, such as provide system integration services, pre-sales activities of business unit and define industry solutions. Its main responsibilities include: (i) designing solutions, communicating with customers, overseeing

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software solution R&D, introduction, promotion, and operations; (ii) delivering customized software solutions that meet the diverse needs of different clients and scenarios, while tracking the implementation and managing product analysis, operations, and roadshows; (iii) coordinating resources at all levels, facilitating marketing and opportunity conversion, supporting industry partners and vendors, and establishing cooperative partnerships and reflecting customer needs to other R&D centers.

While the core research and development center operates primarily from our Shanghai headquarters, personnel in other centers are geographically dispersed across various project locations to maintain close collaboration with operational units and clients. This decentralized structure ensures technical responsiveness to regional market demands while maintaining centralized oversight of fundamental R&D initiatives.

Product Research and Development Process

We conduct our R&D of IMSS based on technology and market trends as well as customer needs. Our R&D projects follow a standardized software development process and produce through rigorous internal testing and release. This process includes five main stages: customer requirement analysis, architectural design, coding development, software testing and deployment and iteration.

Customer Requirement Analysis: Market and industry research is conducted to identify and validate software solution needs, ensuring alignment with client expectations and emerging trends.

Architecture Design: System architecture, modular components, and interface specifications are designed and formulated to establish scalable and interoperable frameworks.

Code Development: Implementation proceeds through structured coding practices, where developers translate design blueprints into functional software.

Software Testing: Rigorous quality assurance procedures, including unit, integration, and system testing, are applied to validate functionality, performance, and stability.

Deployment and Iteration: Following final review and approval, solutions are released to production environments. After our solutions are deployed, we conduct continuous monitoring, maintenance, and iterative enhancements to ensure sustained optimization and timely resolution of operational issues.

Internal Policies for Research and Development Team

We prioritize attracting and retaining top talent who are the key to our future success and sustainable growth. We retain key management and technical staff with competitive remuneration packages, stock option incentive and multiple welfare benefits. Additionally, we are dedicated to enhancing our team’s technical expertise, project management skills, and service quality through a training system. This system includes general industry knowledge training to all of our staffs, new employee training to comprehend our business and continuous technical training to elevate the knowledge and skill levels of our engineers.

To support our business expansion, we are recruiting and developing individuals with experience from leading companies and expertise in relevant fields. We also established a program to attract senior management and experienced technical personnel from all over PRC to join us with a preferential policy to settle in Shanghai.

Despite our efforts to attract and retain talent, there can be no assurance that any of our key management or key technical staff will not depart. We have adopted the following measures to mitigate the impact of potential departure of our key management and technical staff: (i) all agreements with such personnel include undertakings regarding assignment of inventions and

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discoveries and contain clauses stating that any works created by the employees during their employment in fulfillment of our tasks shall belong to us, ensuring that patents and copyrights remain with us; (ii) confidentiality provisions and non-compete undertakings are also incorporated into their employment agreements to protect confidential information of our Group both during and after the term of their employment, and we can also assess on a case-by-case basis whether to enforce the non-compete undertakings.

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

No conflict: During the term of employment, except for any prior written disclosure made by the employee to us, the employee shall not, in any form, directly or indirectly hold any position with other entities (including serving as a consultant or providing advisory services).

Inventions arrangement: Any works created by the employee in fulfillment of our tasks shall be owned exclusively by us, while the employee retains the right of attribution.

Confidentiality: During the term of employment and thereafter, the employee shall maintain strict confidentiality of our confidential information, and shall not, without our prior written consent, disclose such information to any unauthorized third party, or use it for the benefit of themselves or any third party, until such information becomes publicly known or accessible through public channels.

Non-competition: During the term of the employment and within certain period after the termination thereof, typically 24 months, the employee and his/her close relatives shall not engage in the competitive behaviours within the PRC.

Research and Development Costs

Our R&D costs amounted to RMB66.4 million, RMB59.0 million and RMB66.2 million for the years ended December 31, 2023, 2024 and 2025, accounting for 48.5%, 43.6% and 42.0% of our total operating expenditure in the same years, respectively. See “Financial Information — R&D Costs and Total Operating Expenditure”. During the Track Record Period, substantially all of our R&D expenses were incurred for IMSS. We do not allocate them by platforms, and there was no material unexpected or adverse changes occurred as of the Latest Practicable Date.

INTELLECTUAL PROPERTY AND INDUSTRY-SPECIFIC STANDARDS

We rely on our patents and software copyrights, trade secrets, confidential know-how, and continuous technological innovation, to develop, strengthen, and maintain our competitive position. We seek to protect and enhance our technologies, inventions, and improvements that are commercially important to the growth of our business by seeking, maintaining, and defending patent rights.

It is important to our future commercial success that we obtain, maintain, defend and enforce patent and other protection for commercially important technology, inventions, and know-how related to our business; maintain the confidentiality of our trade secrets; and operate without infringing or misappropriating patents and rights of third parties. We protect our intellectual properties through: (i) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in the full-time employment agreements with our employees; and (ii) actively tracking the registration and authorization status of intellectual properties and taking action in timely manner if any potential conflicts with our intellectual property rights are identified. We place great emphasis on the management of our IP, during the Track Record Period, we had obtained enterprise intellectual property management system certifications (GB/T 29490-2013 and GB/T 29490-2023) respectively in March 2022 and December 2024. We were also awarded by Shanghai Intellectual Property Administration as one of the Patent Pilot Enterprise of Shanghai (上海市專利工作試點企業) in 2022 for passing the expert evaluation of our qualification, patent layout and strategy.

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As of the Latest Practicable Date, we obtained 36 patents, 18 trademarks and 173 software copyrights in the PRC. Our granted patents in the PRC include 30 invention patents and one design patent. In addition, we also applied for 11 overseas patents as of the Latest Practicable Date. Our patents and copyrights form the core of our technology infrastructure and allow us to develop innovative products and services to drive our competitive advantages.

We also own a number of trademarks registered in China which are crucial for our reputation, brand recognition and marketing activities. See “Appendix VI — Statutory and General Information — Further Information about Our Business — B. Our Intellectual Property Rights” for further details regarding our IP.

During the Track Record Period, our total paid intellectual property-related fees amounted to RMB8.5 million, including (i) patent-related fees of RMB1.7 million (ii) trademark-related fees of approximately RMB30,000 (iii) software copyright-related fees of approximately RMB30,000 and (iv) intellectual property agreement-related fees of RMB6.7 million; and (v) allowance to employees for patent authorization of RMB27,000.

As of the Latest Practicable Date, all patents, trademarks and copyrights relating to our Specialist Technology Products are exclusively owned and self developed by us, with no arrangements for joint ownership or sharing with third parties. Please refer to “Appendix VI — Statutory and General Information — Further Information about Our Business — B. Our Intellectual Property Rights”.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, our Directors are of the view that we had not been involved in any material proceedings in respect of IP right infringement claims against us or initiated by us. Our Directors confirm that they are not aware of any legal, arbitral or administrative proceedings of our infringement of any third parties’ intellectual property rights as of the Latest Practicable Date. Based on the Joint Sponsors’ due diligence, the Joint Sponsors are not aware of any circumstances suggesting the contrary to the above. However, there are risks if we fail to protect our IP rights in the future. For details, see “Risk Factors — Risks Relating to the R&D and Intellectual Property Rights of Our Solutions.”

During the Track Record Period and up to the Latest Practicable Date, our Group encountered certain impediments in relation to intellectual property rights applications, including rejected patent applications, patent examination opinions, trademark rejection(s) and trademark refusal review proceeding. However, as advised by our PRC Legal Advisors, such applications were not related to the core patents or trademarks related to our Specialist Technology Products and did not have a material adverse impact on the business and operations of our Company.

According to Frost & Sullivan, due to the complicated nature of advanced manufacturing and the wide spectrum of pan-semiconductor industry, there are a number of industry-specific standards applicable to the pan-semiconductor industries. Below lists out certain standards that particularly related to our Specialist Technology Products where these products assist customers to conform with the respective standards and level-up customers’ advanced manufacturing capabilities:

- *Specification of Communication Protocol Semantics for Printed Circuit Board Manufacturing Equipment* (印製電路板製造設備通訊協議語義規範) (T/CPCA 8001—2022), a widely recognized industry standard introduced by the China Printed Circuit Association in November 2022, which has filled the gap arising from the absence of a standardized communication protocol for PCB manufacturing equipment in China. The standard addresses the fragmentation and disorder of communication protocols then adopted across the industry, simplifies interoperability among communication layers at different levels of the PCB manufacturing equipment industry chain, and thereby reduces enterprises’ baseline infrastructure and integration costs. We were involved as a member of the drafting committee.

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- *Maturity Model of Intelligent Manufacturing Capability* (智能製造能力成熟度模型) (GB/T 39116-2020), jointly drafted by the China Electronic Standardization Institute, the China Software Test Center, and the China Academy of Information and Communications Technology. The standard represents another important benchmark within the industry, which proposes five levels of intelligent manufacturing development, 20 capability elements, and a unified evaluation methodology. The product certification obtained by our Group under this standard not only demonstrates our compliance with prevailing industry standards, but also reflects the recognition we have received from authoritative industry institutions.

Our Directors confirm that our Specialist Technology Products have met each of the above standards.

COMPETITION

According to the Frost & Sullivan Report, we ranked the third in China’s pan-semiconductor IMSS market and we ranked second among the domestic pan-semiconductor IMSS providers in 2025, in terms of revenue generated, holding approximately 12% of the total market share in 2025. and we are the first Chinese company to achieve coverage of the software solutions across all stages of the pan-semiconductor industry’s value chain, offering comprehensive solutions that span from initial stages of production to final output covering materials and processing to components, assembly, and downstream applications, covering all pan-semiconductor industries. China’s pan-semiconductor IMSS market is a sub-sector of China’s IMSS market, represented approximately 4.4% of the overall market in 2025, in terms of sales revenue. According to Frost & Sullivan, China’s IMSS market is relatively fragmented with top 5 players taking 25.8% of the market in 2025. In China’s IMSS market, we ranked 16th with a market share of 0.5% in terms of revenue of IMSS in 2025.

For more information about our competitive strengths, our industry and the risks we face, please refer to the sections headed “Industry Overview” and “Risk factors — Risks Relating to Our General Operations and Industry” in this document.

SALES AND MARKETING

Our sales team is designed to cater to the diverse needs and broad geographic distribution of our user base, ensuring high-quality service and support across all customer segments. As of December 31, 2025, our sales and pre-sales team consisted of 50 employees and we have established local offices in Shanghai, Shenzhen, Hefei, Suzhou, Xian and Chengdu among other cities in China.

We have formulated and implemented a sales management system as our internal policy to standardize the pre-sales process before formal sales and project delivery. The system mainly covers (i) customer access and background investigation; (ii) customer information collection and maintenance; (iii) products and services quotation and pricing, quotation approval and contract negotiation; and (iv) contract approval and seal management.

Regarding customer access and background checks, sales personnel are required to conduct background checks on potential customers and regularly enter, update, and maintain customer information in the customer relationship management (“CRM”) system.

Customer information is collected according to the CRM system’s management requirements, including customer company information, qualifications and risk profile. Relevant customer information must be reported and updated promptly according to internal procedures and reviewed by the general manager. Approved customer information shall be maintained in the CRM system.

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With respect to products and services quotation and pricing management, personnel from the sales, delivery and R&D departments will coordinate to formulate pricing standards for new products and technical services. Quotations on individual projects are initiated by sales personnel through the CRM system. If the gross profit margin of the quoted prices meets our quotation standards, the quotation will be considered and approved by the delivery department, general manager of the business unit and finance department before proceeding to the contract and stamping process. If the gross profit margin of the quoted prices does not meet our quotation standards, it must be further submitted to our chief technology officer (CTO), the delivery department, and the president for approval. Sales personnel may only commence contract negotiation and signing with customers after quotation has been approved.

Regarding contract approval and signing management, sales personnel shall negotiate and finalize sales price and major contract terms with customers and proceed with the contract and stamping approval application through the CRM system. The application requires multi-level approvals — spanning over the project manager, project director, general manager of business unit, CTO, legal department and finance department. Our in-house standard contract template is preferred for sales contracts in principle. After approval of contract, we provide both the electronic and paper versions of the stamped contract to the sales department, which will then arrange signing and stamping by customer. Stamped and returned contracts will be archived by the administration department.

Sales Model

We generally acquire customers and obtain new projects through both direct negotiation and bidding. For the years ended December 31, 2023, 2024 and 2025 revenues generated from project obtain through bidding represented approximately 27.2%, 17.5% and 6.5% for the respective year. For the years ended December 31, 2023, 2024 and 2025, we submitted 44, 34 and 43 tenders, respectively, among which 15, 10 and 13 tenders were awarded to us, respectively, representing a tender success rate of approximately 34.1%, 29.4% and 30.2%, respectively. Number of tenders submitted increased in 2025 was mainly due to our strategy to widen our new customer base and our business growth. Our tender success rate decreased during the year ended December 31, 2024 primarily due to reduced tender request from clients in the display panel industry, hence, resulting in the decreased number of tender we submitted for projects in that industry. As display panel projects indicated a relatively high success tender rate in the past, therefore, the reduction of tenders in the sector lowered the overall success rate of our tenders. During the Track Record Period, we generally sold products to customers without the bidding process.

Pricing

Our products do not have reference prices from government agencies. Generally, our pricing methodology and key pricing considerations may vary across different solution platforms. For the provision of customised solutions and services, we charge mainly on a project-based model, by which the price of software solutions or the service fees is fixed, taking into account various factors, including R&D investments made by our product division, cost and expense analysis, prevailing prices for comparable products, target profit margins, industry policies, our strategic market position, project complexity, amount of work and manpower involved, software products involved and customization requests raised by customers, etc.

Grounded in these parameters, personnel from our sales, delivery, and R&D departments coordinate to formulate baseline pricing standards for our products and services. Our finance department also regularly monitors and updates standard gross profit margins for major product categories to ensure our fee quotations remain viable against changing costs. We maintain quotation standards and a designated strategic customer list, which allows us to offer flexible strategic pricing on a case-by-case basis to secure long-term relationships with key accounts.

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During the Track Record Period, the Company recorded a number of loss-making projects. These project-level losses were primarily driven by a combination of our strategic pricing practices and changes in customer requirements or their operation conditions during the project implementation process. We did not adopt strategic pricing for all of such loss-making projects. Our fixed-price pricing model relies on the critical assumptions that the customer’s manufacturing process specifications, the numbers and types of equipment interfaces, and the overall deployment timelines will remain within the stable boundaries pre-defined during the pre-sales process. However, technical complexity of pan-semiconductor industry and unexpected variations in customers requirements or operation conditions may occur during project implementation. Since our contract prices were fixed, the unbudgeted deployment of additional R&D and delivery engineering man-hours to complete these system integrations and validation processes affected our margins and contributed to loss-making outcomes.

To mitigate future project losses and safeguard our gross margins, we have enhanced our project life-cycle risk management and cost control frameworks:

1. **Products and services quotation and pricing management:** We have established mandatory pre-sales customer background checks. Before sales personnel initiate a quotation on an individual project through the CRM system, customer information is collected according to the CRM system’s management requirements, including customer company information, qualifications and risk profile in order to assess the receivable recovery risk. For details of our CRM system, please refer to “— Sales and Marketing” in this document. Further, we would perform evaluations of the client’s technical requirements and conduct analysis on the functional gap between our product and client’s technical requirements, reducing pricing inaccuracies caused by underestimated technical complexities. In order to ensure our fee quotations reflect the latest market trend and to ensure our profit margin, our finance department will regularly update our quotation standards based on sales profit data and timely notifies the sales department of such change. Strategic pricing is only offered after obtaining the approval of various senior management, including the head of sales team, chief executive officer. For details of the procedures involved in strategic pricing approval, please refer to “— Sales and Marketing” in this document.
2. **Budgetary variance controls:** Our project management office regularly tracks actual man-hour consumption against man-power consumption budget, triggering immediate corrective escalation.

For our digital equipment platform, we generally charge upfront licensing fees for equipment-specific software packages coupled with first-unit development collaboration fees, followed by per-unit licensing royalties and technical service fees tied to production volumes. According to Frost & Sullivan, such pricing basis is not uncommon with market practice. Further, we usually charge our customers annual fee for our operation and maintenance services. During the Track Record Period, the average contract amount for our (i) IMSS projects with revenue recognized amounted to approximately RMB1.0 million; and (ii) maintenance services with revenue recognized amounted to approximately RMB0.3 million.

Marketing

We are dedicated to creating value for enterprise-level customers of our solutions as we ultimately share their success, which at the same time allows us to leverage the word-of-mouth referrals by our existing customers and business partners to achieve organic customer acquisition and to expand our market presence in a cost-efficient manner. Besides, we also actively participate in conferences and exhibitions to attract new customers.

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Our go-to-market strategies start at collaborations with leading customers in certain end-customer industry we target to enter, which allows us to accumulate industry expertise and demonstrate the value of our solutions through one or a few entry projects. Once our value has been proven, we are then able to expand our presence quickly to cover other quality customers and further penetrate the end-customer industry, without incurring significant sales and marketing expenditures, by leveraging our enriched understanding of the industry, and our reputation established through collaborating with the launch customers. Simultaneously, our launch customers’ local and global positioning allows us to expand into the different geographical markets in which they operate.

Our selling and marketing expenses amounted to RMB37.6 million, RMB45.9 million and RMB43.7 million for the years ended December 31, 2023, 2024 and 2025, respectively.

OUR CUSTOMERS

During the Track Record Period, our customers mainly consisted of China-based semiconductor manufacturers. Revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB89.7 million, RMB116.2 million and RMB69.4 million, accounting for 54.2%, 46.7% and 23.1%, respectively, of our revenue. Revenue generated from our largest customer in each year during the Track Record Period amounted to RMB33.1 million, RMB49.2 million and RMB23.6 million, accounting for 20.0%, 19.8% and 7.9%, of our revenue, respectively.

Below is a summary of the key terms of a typical agreement with our customer:

Products or Services. We provide our customers with software and hardware devices, software development services and maintenance services as specified in the customer contract.

Term. Contract shall be completed upon fulfillment of parties’ obligations therein.

Warranty, return policy and product liability. A free product warranty period ranging from 12 to 36 months will be offered. In the event that the use of our products constitutes infringement of intellectual property rights of third parties, we would ensure our customers retain their rights to use our products, modify the products to eliminate the intellectual property defects or accept product return from our customers and refund all payments to them. Further, we warrant that our products do not contain any computer viruses or malicious programs that may harm, infringe upon or illegally collect information of our customers.

Pricing and payment. Value of contracts can vary substantially from customer to customer. The pricing of our solutions is determined by specific service scope and the solutions involved. Please refer to the section headed “Sales and Marketing — Pricing” in this section. Customers are required to make payments to us according to the payment schedule agreed. Our customers shall make payments in installments according to the agreed-upon milestones, including payment of a percentage of the total agreement value as an initial payment upon execution of the agreement, followed by subsequent installments tied to the achievement of key milestones, upon system delivery or launch and upon satisfactory acceptance of the deliverables. The remaining balance is retained as a warranty payment and is paid upon full expiration of the warranty period.

Confidentiality. Customers are required to maintain confidentiality all confidential information related to the contract, including the contract itself.

IP. We are usually entitled to the full intellectual property rights of the software solutions in the contracts. The customers have the permanent right to use the software solutions within the authorized scope but are prohibited from engaging in any behavior that violates our intellectual property rights, such as transferring, selling, or giving the software to a third party.

Termination. The contract would automatically terminate once all parties have fulfilled their respective obligations. Either party shall have the right to unilaterally terminate the contract by written notice if the counterparty breaches contract terms. In the event of a force majeure lasting beyond a certain duration, both parties may negotiate to decide whether to terminate the contract.

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

Year Ended December 31, 2023

Customer	Scale of Operation ⁽¹⁾	Listing Status	Downstream Sector	Business Model	Commencement of relationship	Customer background and principal business	Products or services sold	Typical Credit terms	Revenue amount ⁽²⁾	Percentage of total revenue
									(RMB in thousands)	(%)
Customer Group A	RMB37.4 billion	yes	semiconductor displays & smart terminals	vertical integration manufacturing model	2015	based in Beijing and primarily engaged in the R&D, and manufacturing of mechanical and electronic products	system modules under manufacturing operations platform and intelligent big data engine platform	up to 30 days	33,079	20.0
Customer B	RMB4.1 billion	no	semiconductor industry	integrated device manufacturing model	2021	based in Chengdu, Sichuan and primarily engaged in the development, and manufacturing of semiconductor products, including integrated circuits and related technologies	system modules under CIM software solutions	four weeks	29,308	17.7
Customer Group C ⁽³⁾	RMB165.9 million	no	semiconductor industry	comprehensive service model	2019	based in Wuhan and mainly focused on the development of software and provision of information system integration services	system modules under CIM software solutions	up to 10 days	13,478	8.1
Customer Group D	RMB25.5 billion	no	photovoltaic components, photovoltaic new materials & energy storage products	vertical integration manufacturing model	2020	based in Xingtai, Hebei, and mainly involved in the R&D, production, and sales of solar photovoltaic products	system modules under integrated automation platform	up to 40 days	8,335	5.0
Customer E	USD133.4 million	no	high-end processor chip packaging and testing	semiconductor packaging and testing service model	2021	based in Suzhou, Jiangsu and primarily engaged in semiconductor production	system modules under manufacturing operations platform	up to 15 days	5,509	3.4
Total									89,709	54.2

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Year Ended December 31, 2024

Customer	Scale of Operation ⁽¹⁾	Listing Status	Downstream Sector	Business Model	Commencement of relationship	Customer background and principal business	Products or services sold	Typical Credit terms	Revenue amount ⁽²⁾	Percentage of total revenue
									(RMB in thousands)	(%)
Xiamen Tianma Display Technology Co., Ltd. (廈門天馬顯示科技有限公司)	RMB27.0 billion	no	mobile intelligent terminal displays & professional displays	vertical integration manufacturing model	2021	based in Xiamen, Fujian, and principally engaged in the production and sales of display technologies	system modules under manufacturing operations platform and intelligent big data engine platform	up to 30 days	49,161	19.8
Customer Group A	RMB37.4 billion	yes	semiconductor displays & smart terminals	vertical integration manufacturing model	2015	based in Beijing and primarily engaged in the R&D, and manufacturing of mechanical and electronic products	system modules under manufacturing operations platform and intelligent big data engine platform	up to 90 days	22,322	9.0
HKC Corporation Limited (惠科股份有限公司) and its subsidiaries	RMB6.6 billion	no	semiconductor display panels & intelligent display terminals	vertical integration manufacturing model in the semiconductor display sector	2019	based in Shenzhen, Guangdong and principally engaged in the R&D, semiconductor display technology and the manufacturing and sale of relevant products	system modules under CIM software solutions and intelligent big data engine platform	up to 30 days	19,229	7.7
Customer F	RMB1.5 billion	no	package substrates	vertical integration manufacturing model of package substrates in the upstream of semiconductor sector	2023	based in Guangzhou, Guangdong and principally engaged in the R&D, production and sales of PCB products	system modules under manufacturing operations platform	up to three months	16,372	6.6
Tianma Microelectronics Co., Ltd. (天馬微電子股份有限公司)	RMB2.5 billion	yes	mobile displays & vehicle displays	vertical integration manufacturing model	2017	based in Shenzhen, Guangdong and specializing in the R&D, production, and sales of display panels	system modules under manufacturing operations platform	up to 30 days	9,157	3.6
Total									116,241	46.7

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Year Ended December 31, 2025

Customer	Scale of Operation ⁽¹⁾	Listing Status	Downstream Sector	Business Model	Commencement of relationship	Customer background and principal business	Products or services sold	Typical Credit terms	Revenue amount ⁽²⁾	Percentage of total revenue
									(RMB in thousands)	(%)
Customer Group A	RMB37.4 billion	yes	semiconductor display & smart terminals	vertical integration manufacturing model	2015	based in Beijing, and primarily engaged in the R&D, and manufacturing of mechanical and electronic products	system modules under CIM software solutions, intelligent big data engine platform and intelligent control and digitization platform	up to 90 days	23,600	7.9
Customer G	RMB0.5 billion	no	communications, automotive electronics and medical devices	vertical integration manufacturing model	2021	based in Shantou, and primarily engaged in the production of circuit boards, laminates and packaging substrates	system modules under CIM software solutions	up to 15 business days	13,363	4.4
Customer H	RMB18.0 million	no	computing equipment, cloud computing services, new generation communications and big data	software and integration model	2024	based in Jinan, Shandong and primarily engaged in software development and the sales of display devices and electronic products	system modules under intelligent control and digitization platform	45 business days	11,747	3.9
Customer I	N/A ⁽⁴⁾	no	semiconductor equipment	vertical integration manufacturing model	2023	a scientific research institution based in China, primarily engaged in the design, development and production of semiconductor equipment	system modules under digital equipment platform	up to 30 days	10,754	3.6
Customer J	RMB80 million	no	finance, healthcare and education	software and integration model	2025	based in Beijing and primarily engaged in software development and the provision of technical services	system modules under manufacturing operations platform and intelligent control and digitization platform	up to 60 days	9,922	3.3
									69,386	23.1

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Note:

- (1) Scale of operation refers to the registered capital of customers under public-available information.
- (2) Revenue generated from group customers included revenue generated from itself and its subsidiaries.
- (3) Subsequent to the year ended December 31, 2023, no transaction occurred between Customer Group C and us. A repayment agreement was reached between us and Customer Group C regarding the repayment of outstanding trade receivables and the entire amount, after netting off the amount due by us to Customer Group C, has been repaid to us according to such agreement. Consequently, except for the expected credit loss provided according to our accounting policies, no other specific provision has been recognized.
- (4) Customer I is a scientific research institution where information as to registered capital is not available under publicly available information.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned over 5% of our Company’s issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Apart from Customer Group A, our five largest customers in each year during the Track Record Period were different which mainly due to our effort in widening our customer base and demands from customers of different sector for our products, in particular, some of our top five customers in 2024 were engaged in the display panel industry; while some of our top five customers in 2025 were in the semiconductor display panel and PCB industries.

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OUR SUPPLIERS

During the Track Record Period, our suppliers mainly consisted of China-based hardware providers and technical service providers. During the Track Record Period, we primarily purchased (i) hardware, equipment and network cabling and (ii) technology services. From time to time, we may purchase from other software solutions providers on an as-needed basis for flexibility and cost-efficiency.

Below sets forth the details of our purchases from our suppliers:

- **Hardware, Equipment and Network Cabling:** We procure hardware such as server, controllers, KVM, automated guided vehicles and storage equipment etc. These devices are mainly used to interface with our solution systems and serve as auxiliary carriers to facilitate project implementation. Network cabling is also procured as auxiliary materials for our projects, mainly to assist in the construction of data transmission channels for our core products.
- **Technical Services:** Technical services primarily comprise the outsourcing of non-core software modules and on-site technical services, as well as technical consultation services. These non-core modules include ERP and warehouse logistics systems. Outsourced personnel are primarily responsible for carrying out mechanical work such as project testing, installation, and commissioning.

We achieve our technological innovation and breakthroughs mainly through in-house R&D without reliance on third party providers. In order to enhance the focus of our core technical and management personnel on the design and on-site implementation of our products, we outsource certain non-core software modules (such as ERP, warehouse management systems, and database management systems) to companies with extensive experience in relevant fields for collaboration. We hold the rights for our use to these non-core software modules, including but not limited to the software source code and application programs. We also strictly supervise and evaluate the work quality and implementation effectiveness of outsourced personnel during project execution to ensure that our products can be delivered to our customers in a timely, stable, and efficient manner.

Since we do not engage in hardware manufacturing, we procure hardware and network cabling from external suppliers. Equipment and network cabling costs, being hardware we procured from external suppliers, amounted to RMB42.2 million, RMB70.0 million and RMB55.8 million, representing approximately 31.8%, 36.5% and 22.5% of the cost of sales of goods and services for the years ended December 31, 2023, 2024 and 2025 respectively.

We outsource non-core software modules and on-site technical services to external suppliers, the service fees incurred for such technical services amounted to RMB16.5 million, RMB27.9 million and RMB47.3 million, representing approximately 12.5%, 14.6% and 19.0% of the cost of sales of goods and services for the years ended December 31, 2023, 2024 and 2025 respectively. As we mainly relied on our own technical team and project implementation staff for our project development and implementation, whose salaries constitute a majority percentage to our total cost of sales of goods and services (excluding provision/(reversal) for onerous contracts and impairment loss on inventories) for each year during the Track Record Period (being 46.9%, 42.1% and 51.7% for each year during the Track Record Period), we have not relied on external hardware suppliers and technical service providers (which did not constitute a majority of the cost of sales) for our project development and implementation.

Purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB21.5 million, RMB20.1 million and RMB27.3 million, representing 30.8%, 28.0% and 21.4% of our total purchases in the same years, respectively. Purchases from our largest supplier in each year for the years ended December 31, 2023, 2024 and 2025 amounted to RMB9.3 million, RMB6.9 million and RMB7.1 million, representing 13.3%, 9.7% and 5.6% of our total purchase in the same years, respectively. Changes in the identities and purchase amount of the Group's five largest suppliers and largest supplier in each year during the Track Record Period was primarily due to the different implementation requirement for projects in the respective year and hence the need for procurement of different supplies for such projects.

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To the best knowledge of our Directors, each of our five largest suppliers for each year during the Track Record Period is an Independent Third Party. None of our Directors, their close associates, or any Shareholder, which to the best knowledge of our Directors owns more than 5.0% of the total number of issued Shares, had any interest in any of our five largest suppliers for each year during the Track Record Period. Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers or shortage or delay in the supply from our suppliers during the Track Record Period.

Below is a summary of the key terms of a typical agreement with our hardware equipment and network cabling suppliers:

Products or Services. The supplier provides us with hardware devices or network cabling or relevant equipment in the specification, quantity and price as specified in the agreement.

Delivery. Supplier may bare the freight fee for the transportation.

Pricing. Pricing is calculated based on the agreed price in the agreement.

Payment. We are required to make payments according to the agreed payment schedule, or are generally granted a credit term of 60 days to 90 days upon delivery of products.

Warranty, return policy and product liability. Supplier shall ensure the quality, specifications and performance requirements specified by the original manufacturer's standards and the current regulations of relevant authorities. In the event the product delivered are counterfeit products, we are entitled to full refund. Supplier typically offers a one-year warranty period. During the maintenance period, supplier is responsible for software updates, reinstallation and providing operational guidance services. Supplier may provide on-site maintenance or remote control maintenance. In the event of a malfunction caused by non-human factors within the agreed warranty period, supplier shall be responsible for free repairs after receiving notice from our Company.

Termination. We are entitled to terminate the contract if there is severe quality issues on the products or the supplier fails to deliver product according to the required specification and fails to rectify, or by other means as set forth in the agreement.

Confidentiality. Both the supplier and us shall keep confidential information obtained during the discussion and execution of the contract confidential. Compensation shall be made for losses caused to the other party due to breach of confidentiality.

Below is a summary of the key terms of a typical agreement with our technical services suppliers:

Products or Services. The supplier provides us with technical services in the specification, quantity, delivery timeline and price as specified in the agreement.

Pricing. Pricing is calculated based on the agreed price in the agreement.

Payment. We are required to make payments according to the agreed payment schedule.

Warranty, return policy and product liability. Since the technical services are mostly one-off services, no warranty service is provided. However, the supplier shall warrant stable operation of the software system. In case issues arise which hinder operation of the software system, the supplier shall arrange on-site maintenance.

Termination. We are entitled to terminate the contract if the supplier fails to deliver technical services according to the required specification and fails to rectify, or by other means as set forth in the agreement.

Confidentiality. Both the supplier and us shall keep confidential information obtained during the discussion and execution of the contract confidential. Compensation shall be made for losses caused to the other party due to breach of confidentiality.

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

Year ended December 31, 2023

Supplier	Scale of Operation	Listing Status	Commencement of relationship	Supplier background and principal business	Products or services purchased	Typical Credit terms	Purchase amount <i>(RMB in thousands)</i>	Percentage of total purchases <i>(%)</i>
Chengchuan Technology (Suzhou) Co., Ltd. (成川科技(蘇州)有限公司)	RMB50 million	no	2023	based in Suzhou, Jiangsu and mainly engaged in production and sale of material handling automation equipment	provision of equipment	up to 12 months ⁽¹⁾	9,285	13.3
Supplier A	RMB5 million	no	2021	based in Chengdu, Sichuan and mainly engaged in software development and provision of information system integration services	provision of hardware	60 days	4,121	5.9
Supplier B	RMB2 million	no	2023	based in Nantong, Jiangsu and mainly engaged in labor dispatch services ⁽²⁾	provision of labor dispatch services	two months	2,846	4.1
Supplier C	RMB2 million	no	2023	based in Nanjing, Jiangsu and mainly engaged in labor dispatch services ⁽²⁾	provision of labor dispatch services	five days	2,781	4.0
Supplier D	RMB11 million	no	2021	based in Nanjing, Jiangsu and mainly engaged in software R&D and sale of computer hardware	provision of technical services	up to 12 months ⁽¹⁾	2,466	3.5
Total							21,499	30.8

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Year ended December 31, 2024

Supplier	Scale of Operation	Listing Status	Commencement of relationship	Supplier background and principal business	Products or services purchased	Typical Credit terms	Purchase amount (RMB in thousands)	Percentage of total purchases (%)
Chengchuan Technology (Suzhou) Co., Ltd. (成川科技(蘇州)有限公司)	RMB50 million	no	2023	based in Suzhou, Jiangsu and mainly engaged in production and sale of material handling automation equipment	provision of equipment	up to 12 months ⁽¹⁾	6,946	9.7
Shanghai Shuoqin Information Technology Co., Ltd. (上海樂沁信息科技(上海)有限公司)	RMB10 million	no	2023	based in Shanghai and mainly engaged in software development, and digital solutions	provision of hardware	up to 90 days	3,941	5.5
Jiangsu Yongjia Information Technology Co., Ltd. (江蘇永嘉信息科技(江蘇)有限公司) ⁽³⁾	RMB20.8 million	no	2024	based in Suzhou, Jiangsu and mainly engaged in enterprise IT services, intelligent system integration, and data management	provision of technical services	up to 10 days	3,637	5.1
Shenzhen Weiyuan Technology Co., Ltd. (深圳未遠科技(深圳)有限公司)	RMB0.1 million	no	2022	based in Shenzhen, Guangdong and mainly engaged in smart hardware development, IoT solutions	provision of technical services	15 days	2,878	4.0
Supplier D	RMB11 million	no	2021	based in Nanjing, Jiangsu and mainly engaged in software R&D and sale of computer hardware	provision of technical services	15 days	2,679	3.7
Total							20,081	28.0

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Year ended December 31, 2025

Supplier	Scale of Operation	Listing Status	Commencement of relationship	Supplier background and principal business	Products or services purchased	Typical Credit terms	Purchase amount (RMB in thousands)	Percentage of total purchase (%)
Supplier D.	RMB11 million	no	2021	based in Nanjing, Jiangsu and mainly engaged in software R&D and sale of computer hardware	provision of technical services	up to 30 days	7,133	5.6
Supplier E.	RMB10 million	no	2024	based in Wuxi, Jiangsu and mainly engaged in development of information technology	provision of hardware	up to six months	6,209	4.9
Supplier F.	RMB0.5 million	no	2020	based in Zhengzhou, Henan and primarily engaged in software development and wholesale of computer hardware, software and auxiliary equipment	provision of hardware	up to 180 days	4,955	3.9
Supplier G.	RMB0.2 million	no	2024	based in Shijiazhuang, Hebei and mainly engaged in sale of electronic devices and metal products	provision of network cabling	up to 15 days	4,615	3.6
Supplier H.	RMB5 million	no	2025	based in Wuxi, Jiangsu and primarily engaged in software development and provision of technical services	provision of technical services	up to 30 days	4,340	3.4
Total							27,252	21.4

Notes:

- (1) The relatively longer credit term offered by the supplier was in line with the payment terms of the supplier contract, which provided that 10% of the contract amount shall be paid one year after the products were accepted by us.
- (2) As advised by our PRC Legal Advisors, our labor dispatch had been in compliance with PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date.
- (3) Formerly known as Suzhou Yongjia Information Technology Co., Ltd. (蘇州市永嘉信息科技有限公司).

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LOGISTICS AND INVENTORY MANAGEMENT

Logistics

Our hardware parts are typically delivered directly from our suppliers’ warehouses to the venue specified by our customers. Our software parts are typically delivered to our customers through online distribution as well as physical logistics. In some cases, development is also conducted directly at our customers’ location. We also engage third-party logistics service providers for delivery to our customers. To the best of our knowledge, such logistics service providers are Independent Third Parties.

Inventory Management

Our inventories mainly include server and other hardware products and staff costs. Our inventories and other contract costs amounted to RMB160.7 million, RMB109.0 million and RMB47.1 million as of December 31, 2023 and 2024 and 2025, respectively. We regularly track our inventory to keep it at a level sufficient to fulfill customers’ orders. We also proactively assess changes in market conditions and pre-store strategic raw materials in anticipation of potential supply shortage. Our supply management team discusses routinely with the business operation team and takes necessary actions to minimize risks of obsolescence.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

One of our five largest customers in 2023, 2024 and 2025, Customer Group A was also our supplier during the Track Record Period. Customer Group A purchased our CIM software solutions and system modules under our intelligent big data engine platform and intelligent control and digitalization platform, and our revenue generated from Customer Group A was RMB33.1 million, RMB22.3 million and RMB23.6 million in 2023, 2024 and 2025, respectively, representing 20.0%, 9.0% and 7.9% of our total revenue in the respective years. The gross profit we generated from the transactions conducted with Customer Group A was RMB9.7 million, RMB7.4 million and RMB6.3 million and gross profit margin was 29.3%, 33.1% and 26.6% in 2023, 2024 and 2025, respectively. During the Track Record Period, we procured from Customer Group A (in its capacity as supplier) technical services including supply, commissioning, installation and testing of non-core solution modules during project implementation on-site of the factory of our customers on an as-needed basis. We procured such services from Customer Group A (in its capacity as supplier) because it has differentiated software expertise with us within the pan-semiconductor industry which are not our core and self-developed software products and can supply us with on-site work process and mechanical work services on project basis as and if we required extra manpower to facilitate project implementation and delivery according to the project schedule. We only purchased from Customer Group A in 2023 and 2025 during the Track Record Period, with a total purchase amount of RMB0.4 million and RMB2.2 million, representing 0.6% and 1.7% of our total purchase in 2023 and 2025 respectively.

One of our five largest customers in 2023, Customer Group C was also our supplier during the Track Record Period. Customer Group C mainly purchased system modules categorized under our CIM software solutions, and our revenue generated from Customer Group C was RMB13.5 million, nil and nil in 2023, 2024 and 2025, respectively, representing 8.1%, nil and nil of our total revenue in the respective years. The gross profit we generated from the transactions conducted with Customer Group C was RMB4.5 million, nil and nil and gross profit margin was 33.5%, nil and nil in 2023, 2024 and 2025, respectively. During the Track Record Period, we procured from a subsidiary of Customer Group C (in its capacity as supplier) technical services including supply, commissioning, installation and testing of non-core solution modules during project implementation on-site of the factory of our customers on an as-needed basis. We procured such services from Customer Group C (in its capacity as supplier) because it has differentiated software expertise with us within the pan-semiconductor industry which are not our core and self-developed software products and can supply us with on-site work process and mechanical work services on project basis as and if we required extra manpower to facilitate project implementation and delivery according to the project schedule. We only purchased from Customer Group C in 2023 during the Track Record Period, with a total purchase amount of RMB1.3 million, representing 1.8% of our total purchase in that year.

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Other than the above software and services procured from Customer Group A and Customer Group C, no hardware, equipment and network cabling was procured by our Company from either of such customer-suppliers during the Track Record Period. In addition, the software products purchased by Customer Group A and Customer Group C from us respectively, and the software and services provided by Customer Group A and Customer Group C respectively to the Company were different in nature. None of the software and services procured from Customer Group A and Customer Group C were used and applied in the same projects we entered into with the relevant customer being the same entity of the said group companies. Negotiations of the terms of our sales to and purchases from these customer-suppliers were conducted on an individual basis, and the sales and purchases were not inter-conditional with each other. For each of the overlapping customer-suppliers, the key terms of our sales of products to such customers and our purchases of products from such suppliers are generally in line with those of our other customers and suppliers. These transactions were conducted on normal commercial terms and on an arm’s length basis. According to Frost & Sullivan, it is not uncommon to purchase and sale from the same entity or group in the industry we are engaged in. Save as disclosed above, to the best of our knowledge, none of our five largest customers during each year of the Track Record Period was a supplier of us; none of our five largest suppliers during each year of the Track Record Period was a customer of us.

PATH TO PROFITABILITY

Historically, we have made significant investments in our R&D activities and selling efforts as we continued to develop and commercialize our solutions and services and expand our brand awareness. Our R&D costs amounted to RMB66.4 million, RMB59.0 million and RMB66.2 million for the years ended December 31, 2023, 2024 and 2025, accounting for 48.5%, 43.6% and 42.0% of our total operating expenditure in the same years, respectively. As a result of the reasons set out in the paragraphs headed “Key Components of Our Consolidated Statements of Profit or Loss” and “Period to Period Comparison of Results of Operations” in the “Financial Information” section, in particular, the high level of R&D costs, we had a net loss of RMB127.2 million, RMB103.1 million and RMB104.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. We may continue to incur net losses in the near future, primarily due to the expected substantial operating costs and expenses as we are in the stage of expanding our business and operations in the rapidly growing pan-semiconductor IMSS market and are continuously investing in R&D. However, as we expand the scale and scope of our business, we expect to make continuous improvement to our operational efficiency and, we aim to improve profitability through: (i) enriching our IMSS, (ii) expanding customer base, and (iii) enhancing our operational efficiency.

Enriching Our Intelligent Manufacturing Software Solutions

We aim to enrich our IMSS, thereby converting our technological innovation and product iteration into sustainable revenue and profits through enhanced R&D efforts.

Converting Technological Innovation and Product Iteration into Sustainable Revenue and Profits

We adopt a project-based model for our software solution offerings. Our platforms comprise a suite of specialized software modules designed to optimize distinct manufacturing and operational management processes. Our customers may selectively deploy individual modules under each platform to enhance existing facilities or adopt integrated multi-platform module packages for facility development. Our commitment to innovation and responsiveness to market demands is central to our strategy. Where rapid technological advancements necessitate continuous improvement and diversification of our software solution offerings, our future profitability depends significantly on further monetizing our core technologies and expanding into new application scenarios and commercialization opportunities.

Our revenue increased by 50.4% from 2023 to 2024 and further increased by 20.7% in 2025. We have demonstrated our ability to successfully commercialize our solutions and services. With further penetration and development of the pan-semiconductor IMSS market, and by launching new software modules and solutions and upgrading existing software modules and solutions, we expect that we will capture the trend of industry growth and realize further increase of our revenue.

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Since our incorporation in 2007, we have been focusing on providing intelligent software solutions in pan-semiconductor industry. We successfully completed the delivery and acceptance of the domestically developed 12-inch front-end CIM system in 2023. During 2023, our Group launched its self-developed AI offerings, namely, the LOFA products, and completed the development of the MESwell[®] Version 8.0 certified by the National Information Technology Innovation Working Committee in July 2023. Our Group also achieved the further industry breakthrough: the successful development of the semiconductor industry’s first batch of multi-physics lithography process simulation system in September 2024, alongside the release of the EAPwell[®] 7.0 platform compliant with standards.

As far as the recent development of our platforms or software solution products is concerned, the in-house developed AI intelligent detection algorithms and full-modal large models, has completed internal testing and yield enhancement, with commercialization deployment for LOFA scenarios (under the intelligent control and digitization platform) in the second half of 2025 and ongoing training framework to continuously optimize model inference efficiency. As of the Latest Practicable Date, we have obtained four-phased order for our process design and simulation system (under the digital equipment platform), with the first phase delivered and commercially released by the end of 2025. It is expected that VM&EHM (under the intelligent big data engine platform) and Glory IGI (under the intelligent control and digitization platform) will be commercially launched in mid-2026 and end-2026 respectively.

During the Track Record Period, we had a total of 218 R&D projects, of which 210 were conducted in-house and 8 were carried out in collaboration with third parties. Among these projects, 184 were successfully launched in the market, being applied in our software offerings sold to customers, thereby, achieving a R&D commercialization success rate of 84%. The outcomes of the 184 successful R&D projects were adopted and integrated in our software offerings to our customers in a total of about 680 contracts with our customers, among which about 60% had been completed and delivered with recognized revenue and 20% were in the project launching stage with expecting revenue to be recognized.

To enhance our ability to convert our technological innovation and product iteration into sustainable revenue and profits, we aim to strengthen our coordination and collaboration with existing and potential customers and industry consultants to design, develop, and implement our solutions that are tailored to the specific characteristics of the clients’ industry. We will enhance coordination between our sales and R&D teams during the product conceptual phase to ensure that we receive real-time validation of customer pain points and that our R&D costs and effort are spent on technology upgrades and other features that our customers are willing to pay for. Our solutions advisory center (being one of our core R&D specialized functions) is primarily responsible for designing optimal software solutions in accordance with customers’ need and tracking their implementation, such as provide system integration services, pre-sales activities of business unit and define industry solutions. Please refer to the paragraphs headed “Product Research and Development Process” for a detailed discussion about the workflow for R&D development of our products and “Research and Development Capabilities and Centres” for the function and responsibility of our solutions advisory center, both in this section above.

Our ability to convert our technological innovation and product iteration into sustainable revenue and profits is further supported and boosted by our enhanced R&D effort as elaborated below.

Enhancing our R&D effort

In parallel with our plan to enhance our ability to turn our technological innovation into sustainable revenue and profit, we plan to use net [REDACTED] from the [REDACTED] of approximately [REDACTED]%, or HK\$[REDACTED] to continuously enhance our R&D capabilities and solutions provision of our IMSS products, among which (i) approximately [REDACTED]%, or HK\$ [REDACTED], will be used to enhance our CIM product capabilities

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and solutions, with an aim to build a domestically developed 12-inch front-end CIM system suitable for both domestic and overseas customers and ensure stable operation and widespread adoption of our CIM system; (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to build our capabilities for AI application in the pan-semiconductor industry, with a focus on our LOFA AI products; and (iii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to establishing our R&D capabilities for high-end process design and simulation solutions. Please refer to “Future Plans and Use of [REDACTED] — Use of [REDACTED]” for a detailed discussion of our allocation of net [REDACTED] from the [REDACTED] to boost our R&D capabilities.

Our plan to enhance our R&D efforts is in line with and aims to solidify our strategies in our business development, in particular, we aim to strengthen customer-oriented market presence and make further advancement on CIM development of 12-inch MES solutions plus AI and to advance and accelerate AI-driven development across our solutions and services. Please refer to “Our Strategies” above for details. Our strategic focus on enhancing IMSS by inputting additional R&D efforts is underpinned by a robust historical track record and favorable industry trends, which together substantiate the effectiveness of these strategies in bolstering financial performance.

Quantitatively, our revenue has seen a significant uptick from RMB165.5 million in 2023 to RMB248.9 million in 2024 and further to RMB300.3 million in 2025. We recorded gross profit of RMB5.7 million, RMB32.8 million and RMB42.6 million and gross profit margin of 3.4%, 13.2%, and 14.2% for the years ended December 31, 2023, 2024 and 2025, respectively. This upward trajectory is further accentuated by our ability to expand customer base which has increased from about 130 clients in 2023 to around 200 clients in 2025, indicating the success of our customer-oriented solutions. Our strategies are supported by the industry’s shift towards intelligent manufacturing, with China’s pan-semiconductor IMSS market size increased from RMB1.3 billion in 2021 to RMB2.5 billion in 2025 with a CAGR of 17.2%, and be projected to reach RMB7.2 billion by 2030 in China, reflecting a CAGR of 25.0% from 2026 to 2030. By the origin of players, it is projected that the market size of China’s pan-semiconductor IMSS for domestic players will increase from RMB1.5 billion in 2025 to RMB5.5 billion in 2030 with a CAGR of 29.7% from 2026 to 2030. According to the Frost & Sullivan Report, China’s pan-semiconductor IMSS market is driven by the trends of more widely and deeply data-driven AI large models with gradual transition from single-module solutions to platform-based solutions, where domestic service providers gradually and inevitably substituting the global industry players.

With funding support from net [REDACTED] of the [REDACTED], our R&D effort of the integrating AI technology in our IMSS, in particular, our CIM system is expected to provide highly adaptive, data-driven, and efficient production management systems that meet the stringent and complex requirements of semiconductor manufacturing and the development of new AI products like LOFA, GloryIGI and process design and simulation technologies is expected to yield operational efficiencies and cost reductions for our customers, which is expected to propel customer demand for our solutions and further drive our revenue growth.

Further, we expect our gross profit margins will increase for the coming years due to the combined effect of (i) continuous improvement of cost management as further elaborated in “Enhancing our Operational Efficiency” below; (ii) our future orientation towards high-end manufacturing and AI-driven upgrade in services, leveraging our self-developed technologies, professional expertise and industry know-how and (iii) our enhanced R&D effort which is expected to improve and upgrade our solutions. In addition to the above measures and plan, as part of our business strategies for building customer relationships, proof points, and pipeline momentum, we would typically offer relatively low contract fee for the first or first few projects in new types of business and customers with strategic value. As our business grow and develop, we expect to charge relatively higher price for subsequent similar type of business and recurring customer, thereby improving our gross profit margins.

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Therefore, by continuously enhancing platforms and introducing new solutions that cater to evolving market needs, we will be able to drive sustainable growth, turning our technological innovations and upgrades into sustainable revenue and profits and improve our financial performance, leveraging both our historical achievements and the broader industry trends.

During the Track Record Period, we collaborated with two domestic universities for the research initiatives of simulation software in the field of semiconductor lithography and for research initiatives of AI quotation system respectively. As of the Latest Practicable Date, our Company was in negotiation with Shenzhen University for a R&D project of the high-end process design and simulation solution development and is expected to officially launch the research and study works in the second half of 2026. With our continuous self R&D effort and in collaboration with external universities and research institutes for some of our R&D topics, we expect to expand our access to deeper expertise, share risk and cost, accelerate innovation and build future talent and reputation, with the goal of achieving higher revenue and profit growth.

Expanding Customer Base

A diverse and expanding customer base is crucial for our growth. Our extensive customer base encompasses market participants across multiple pan-semiconductor industries. In each year during Track Record Period, we have served 134, 147 and 198 customers who purchased our IMSS products, respectively. Our strong industry reputation and high customer recognition are testaments to our product quality and reliability.

Key Operating Data

The table below sets forth key metrics of our solution platforms in terms of customer development and retention, which is our primary focus at the early commercialization stage (investors are advised to measure our overall performance based on not only net dollar retention rate, but also all operating data, each of which should be considered as carrying the same weight). The following operating data relates to customers who have purchased our IMSS product only.:

	Year ended December 31,		
	2023	2024	2025
Total IMSS revenue (<i>RMB'000</i>)	163,777	246,598	298,235
Number of customers ⁽¹⁾	134	147	198
Number of new customers ⁽²⁾	N/A	90	127
Average customer value ⁽³⁾ (<i>RMB'000</i>)	1,222	1,678	1,506
Number of projects with customers	225	271	346
Average project value of customers ⁽⁴⁾ (<i>RMB'000</i>)	728	910	862
Customer retention rate ⁽⁵⁾	N/A	42.5%	46.9%
Customer acquisition cost ⁽⁶⁾ (<i>RMB'000</i>)	281	312	221
New sales order value (<i>RMB'000</i>)	199,486	237,547	313,982
Annual recurring revenue ⁽⁷⁾ (<i>RMB'000</i>)	N/A	70,713	80,187
Annual recurring revenue per customer ⁽⁸⁾ (<i>RMB'000</i>)	N/A	1,241	1,162
Net dollar customer retention rate ⁽⁹⁾	N/A	121.3%	55.1%

Notes:

- (1) The number of customers for each given year is determined based on the customers from whom revenue was recognized during the same year. In the case of an ongoing project where delivery milestones are accepted and revenue is recognized in batches spanning multiple years, the relevant customer is counted as a customer in each of the respective fiscal years in which such revenue is recognized.
- (2) Refers to customers who do not purchase products or solutions from us for the previous year.
- (3) Calculated by dividing revenue generated in a given year by the number of customers in the same year.

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- (4) Calculated by dividing revenue generated in a given year by the number of projects in the same year.
- (5) Calculated by dividing the number of retained customers in a given year by the total number of customers in the immediately preceding year, multiplied by 100%. For the purpose of this calculation, a customer is recognized as a “retained customer” if the Group recognized revenue from such customer in both the current year and the immediately preceding year consecutively, excluding revenue from ongoing projects where milestones are delivered and accepted in batches spanning multiple fiscal years.
- (6) Calculated by dividing the current year selling expenses by current year number of customers.
- (7) Refers to revenue generated from customers from whom we recorded revenue in the immediate past year.
- (8) Calculated by dividing annual recurring revenue by the number of recurring customers in the same year.
- (9) Revenue recognized from retained customers in the current year divided by revenue recognized in the prior year. For the meaning of “retained customers”, please refer to note 4 above.

During the Track Record Period, duration of our major projects ranged from about four months to about 44 months and the average duration of our major projects was about 20 months.

As a result of our devotion of R&D to technology advancement and breakthrough in our services as well as our selling effort, number of customers increased from 147 in 2024 to 198 in 2025, among which 90 and 127 were new customers in the respective years. Our customer retention rate in 2024 was 42.5% which increased to 48.3% in 2025. In addition, our new sales order value increased from RMB199.5 million in 2023 to RMB237.5 million in 2024 and further to RMB314.0 million in 2025.

As of the Latest Practicable Date, among the 186 IMSS contract backlog, we had entered into contracts with 144 customers for our IMSS products, among which 93 were new customers (being customers who had entered into contract with us and who did not purchase products or solutions from us for 2025), we were also in negotiation with around 380 customers/potential customers for our IMSS products, among which about 310 were new customers.

To attract new customers, we will enhance our market promotion initiatives to attract new clients and secure additional projects by amplifying our online marketing efforts to increase brand visibility and client acquisition. We will also leverage tendering effort, word-of-mouth marketing, industry reputation, and active participation in conferences and exhibitions, for example, we have participated in the annual exhibition “SEMICON China” and the next 2026 exhibition is scheduled for March 2026 to be held in Shanghai. We also participated various large-scale conferences and exhibitions relating to China’s pan-semiconductor industry. During the Track Record Period, contact information from about 1,500 headcount was collected from conferences and exhibitions we participated and most of the headcount was subsequently followed up and indicated with interest of potential business opportunities with us. In terms of our effort to explore new customers through tendering, our sales personnel regularly and proactively look for potential tender opportunities by (i) browsing official and third-party procurement and bidding websites, including industry-specific bidding platforms, to screen for bidding announcements that match our Company’s business and promptly capture potential clients and project opportunities; (ii) leveraging industry connections, referrals from existing clients, and business cooperation resources, our sales team connects with potential clients with procurement needs. During communication, where we learn about client’s procurement plans via open bidding and invited bidding, we will proceed with bidding-related negotiation for possible tender opportunity; and (iii) conducting regular follow-up visits and in-depth needs analysis of existing clients to identify new business or expansion needs that require procurement through bidding, and promptly identifying bidding opportunities for subsequent cooperation.

With the above effort, we have been accumulating our pool of potential clients and we believe our established customer base plus our expanding potential customer pool will act as a powerful endorsement, drawing new clients and enhancing our market presence.

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Retaining existing customers is as important as acquiring new ones. We focus on delivering continuous support and maintenance service to our existing clients, ensuring high satisfaction and loyalty. Our diverse solution portfolio allows us to meet various customer needs, fostering long-term relationships. To solidify our relationship with our existing customers, we have entered into long-term cooperation or strategic agreements with some of them. For example, in January 2026, we also entered into a five-year cooperation framework agreement with Customer I (which is a scientific research institution of semiconductor equipment) for the R&D and iterative improvement of electron beam and semiconductor equipment. Pursuant to the agreement, we would provide software development, test and validation services to Customer I for its electron beam equipment and both parties would enable talent exchange, cooperation, and sharing through project collaboration, training services, and other means.

Apart from our domestic client expansion plan, we plan to expand our footprint in the global market, with the Southeast Asia market as our initial focus. According to Frost & Sullivan, the industrial software markets in Southeast Asia and India are currently dominated by international suppliers characterized by relatively high costs and long delivery cycles. The pan-semiconductor IMSS market in Southeast Asia is anticipated to experience a robust growth, with the total market size expanding from RMB0.2 billion in 2021 to an estimated amount of RMB1.3 billion by 2030 in terms of sales revenue. This growth is supported by a CAGR of 15.1% from 2021 to 2025, which is expected to accelerate to CAGR of 26.1% from 2026 to 2030.

Seeing the market opportunity supported with industry research, we have identified Vietnam, Malaysia, Thailand, Singapore, India and the Middle East as our primary overseas target markets, all of which are important to the global transfer of photovoltaic, PCB, and semiconductor industries, according to Frost & Sullivan. To spearhead our overseas expansion, we have established an overseas business division and a subsidiary in Singapore, laying a foundation for our global operations. Establishing overseas subsidiaries has become commercially important to our global operations as certain major customer opportunities can only be contracted through overseas entities. In addition, certain customers seeking to establish operations in overseas markets have required us to maintain representative local offices to support continued service delivery, underscoring the importance of an in-market presence.

To support our growth path overseas, we have completed a comprehensive assessment of the regional industrial structures, customer distribution, and competitive landscapes of our target markets. We have adopted a systematic implementation model which prioritizes resources on sectors such as semiconductors, PCB and photovoltaic manufacturing in India, Vietnam and Malaysia. Our strategy for obtaining orders from overseas customers and compete with local market players is driven by the following four pillars:

- (1) *Customer-led expansion:* We capitalize on our established relationships with domestic industry leaders in the PCB and photovoltaic sectors as they expand their global footprints. By supporting the overseas manufacturing bases of these long-term strategic customers, we secure projects that serve as critical reference sites for our customers.
- (2) *Strategic channel partnerships:* We utilize a robust network of industry resources and channel partnerships to facilitate market entry and regional localization.
- (3) *High-impact product entry:* Recognizing that robotic applications in advanced manufacturing remain significantly under-penetrated in Southeast Asia, we utilize our signature LOFA to target the labor replacement segment before expanding into central control room systems.
- (4) *Brand awareness:* We initiate marketing campaigns to attract more outbound enterprises, including the deployment of bilingual professional content, specialized industry papers, and digital engagement across social media platforms.

Research indicates steady demand growth for photovoltaic, PCB, and semiconductor packaging/testing solutions in Southeast Asia, where customers prioritize cost-effectiveness and local service capabilities.

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- **India** is underpinned by national industry policy support and active customer demand for automation solutions. According to the India Semiconductor Mission, 10 semiconductor projects with total investments of ₹1.60 lakh crore (approximately USD 19 billion) has been approved as of December 2025, supported by government fiscal incentives of up to 50% of project costs. As of the Latest Practicable Date, we have identified and are actively pursuing at least two opportunities for the automation of manufacturing systems in the region.
- **Vietnam** is currently hosting nearly 60 chip design firms and a growing talent base for the semiconductor industry. As of the Latest Practicable Date, we have secured at least two collaboration opportunities regarding electronics manufacturing and photovoltaics projects.
- **Malaysia** offers a well-developed semiconductor industrial base supported by a high-caliber engineering talent pool and English-language business environment. According to the National Semiconductor Strategy published by the Government of Malaysia in May 2024, Malaysian government has allocated at least USD5.3 billion in fiscal support to operationalize the National Semiconductor Strategy.
- **Thailand** and **Singapore** present growth potential in advanced electronics and semiconductor supply chains. In Thailand, according to the Thailand Board of Investment, investment promotion applications soared 35% in value to approximately THB 1.14 trillion (approximately USD31 billion) in 2024, led by foreign direct investment in advanced electronics. Concurrently, according to the Singapore Economic Development Board, Singapore has committed approximately S\$800 million (approximately USD590 million) to semiconductor research and development to maintain its leadership in high-impact technological areas. We position our subsidiary in Singapore as our regional front-end to capture these high-value consulting and system integration opportunities.
- **The Middle East** exhibits a growing demand for industrial digitalization and localized data governance. However, in light of the geopolitical instability arising from the 2026 Iran War and the attendant risks to regional logistics, energy infrastructure, and supply chain continuity, we have adopted a prudent strategy to approach this market.

Since January 1, 2026 and up to the Latest Practicable Date, the Company had identified 39 overseas potential business opportunities across the pan-semiconductor industries, including 19 in the PCB sector, 11 in the semiconductors sector, six in the photovoltaics sector, and three in the display panel sector, encompassing MCS, CIM and MES software products, and distributed across various countries including 7 potential projects in India, 7 potential projects in Vietnam, three potential projects in Malaysia, 11 potential projects in Thailand, four in Korea, and 7 potential projects in other countries. As of the Latest Practicable Date, the Company had signed contracts with customers in respect of 9 projects mentioned above, covering various sectors in the pan-semiconductor industry, while the remaining potential business opportunities were under negotiation with potential customers.

During the Track Record Period, we have implemented 14 projects in the South Asia and Southeast Asia markets, including Malaysia, Thailand, and India, marking our initial steps toward a broader global presence. Revenue generated from our overseas market increased from RMB0.9 million in 2023 to RMB2.3 million in 2024 and further to RMB4.0 million in 2025.

In August 2025, we entered into our first overseas project in Southeast Asia with a total contract amount of approximately USD6.7 million, covering cross-platform system modules. This project demonstrates our capability to undertake complex cross-border projects and laid a solid foundation for our global business expansion. In 2025, we entered into certain contracts with overseas customers, including the execution of a work order for a whole-factory CIM project in

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India, solar production line projects in Indonesia, India, Vietnam and Egypt, MCS projects for Taiwan customers. As at the Latest Practicable Date, among the 186 IMSS contract backlog, we had 11 IMSS contract backlog with Southeast Asian customers with the total order backlog amounted to RMB67.2 million.

In addition, as at the Latest Practicable Date, we were in negotiation for 13 IMSS projects with seven potential customers and four existing customers in the Southeast Asian markets in the PCB, semiconductor and display panel. We were also negotiating with overseas semiconductor packaging/testing customers, and were exploring facility digitalisation projects in market of Taiwan region, with some projects already in contract finalization and implementation stages, confirming clear and actionable overseas demand.

We believe with our extensive experience in the PRC IMSS markets and solid customer base, we have the capacity to expand our business footprint to our target regions. For details about our overseas expansion plan, please refer to “— Our Strategies — Accelerating Overseas Expansion with our Intelligent Manufacturing Technology” above.

We plan to apply approximately HK\$[REDACTED], representing approximately [REDACTED]%, of the net [REDACTED] of the [REDACTED] for sales and promotion purpose, aiming to improve our commercialization capability through expansion of domestic and overseas sales and service networks coupled with enhancement of customer service quality to maintain and deepen existing client relationships.

By strategically enriching our solutions and expanding our customer base, we intend to secure a stable and growing revenue stream. Besides, we are dedicated to attract and accommodate players in the domestic semiconductor industry through launching new intelligent manufacturing software modules and upgrading our existing modules, being prepared for future commercialization of the pan-semiconductor market.

Enhancing Our Operational Efficiency

Operational efficiency is vital for profitability. Effective cost management and optimization of resources enable us to improve profitability.

Cost and Expense Management

Our cost of sales includes employee benefit expenses and equipment and network cabling costs. During the Track Record Period, we achieved gross profit margin of 3.4%, 13.2% and 14.2% for the years ended December 31, 2023, 2024 and 2025, respectively. For details on our fluctuations of gross profit margins during the Track Record Period, please refer to section headed “Financial Information — Key Components of Our Consolidated Statements of Profit or Loss — Revenue, Gross Profit and Gross Profit Margin” of this document. Through the continuous accumulation of our intellectual property and technology know-how, we believe that we will be able to effectively control the development costs in the future.

During the Track Record Period, our selling and marketing expenses were RMB37.6 million, RMB45.9 million and RMB43.7 million in 2023, 2024 and 2025, respectively, representing 22.7%, 18.4% and 14.5% of our total revenue in the respective year; our administrative expenses (excluding [REDACTED]) amounted to RMB32.8 million, RMB30.6 million and RMB30.1 million, representing 19.8%, 12.3% and 10.0% of our total revenue in the respective year. We intend to use approximately [REDACTED]%, or HK\$[REDACTED] as part of the net [REDACTED] from the [REDACTED] for sales and promotion purposes including expansion of domestic and overseas sales and service networks and recruitment of personnel for our sales and service team. Our total operating expenses, including (but not limited to) selling and marketing expenses and administrative expenses are expected to continue to increase in the absolute amount in the foreseeable future in line with our business growth, while the corresponding percentage of operating expenses as percentage of revenue is expected to decrease in 2027 and onwards primarily due to economies of scale as the business continues to grow and improves cost efficiency.

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Our Company has implemented or planned to implement the following cost-saving measures to improve project implementation efficiency and improve project gross profit margins:

1. since the second half of 2024, we have implemented the following measures to improve delivery efficiency in certain projects with our pan-semiconductor customers:
 - enhance the execution of key project milestones (including project initiation, project blueprint, testing, acceptance and project debriefing, etc.) to avoid repeated works or delay which may lead to increased project implementation cost. Dedicated personnel at senior sales or management level will follow up and supervise with review meetings held regularly with the project implementation teams to ensure strict implementation thereof;
 - a designated personnel being the supervisor of each project implementation team will organize weekly project meetings with team members to promptly identify project issues, guide project managers, and escalate unresolved issues to higher management for resolution in a timely manner;
 - standardization policy is implemented in three main areas, namely, products’ features, project delivery methods, and output documentation. Implementing standardization will improve reusability (such as documents template and logistics arrangements), hence increasing delivery efficiency.
2. Since the second half of 2025, we commenced implementing a low-code development tools for our MES software product, enabling us to achieve shorter project development cycle, lower maintenance cost and improve efficiency in project implementation. The development tool will be fully applied to our MES software product, enabling lower development costs of our MES service offering in the future. Due to the above measure, the gross profit margin of our CIM system is expected to be improved by approximately 3.1% in FY2026.
3. We aim to introduce AI coding in or around end of 2026, which is expected to bring further improvement in project implementation efficiency and/or reduction in the number of project implementation personnel. We expect project development efficiency will be improved by 10% according to our internal management estimation.

Under the effect of implementing the first two measures above, our gross profit margin improved from 13.2% for the year ended December 31, 2024 to 14.2% for the year ended December 31, 2025, while our operating expenses as a percentage of revenue decreased from approximately 54.4% for the year ended December 31, 2024 to 52.5% for the year ended December 31, 2025. It is expected that our overall gross profit margin will improve from 14.2% in FY2025 to about 19.4% in FY2026.

Further, taking into consideration the expected increase in total project value and by implementing the following measures, it is expected that the average annual sales amount per sales staff of a forecast amount of approximately RMB5.5 million in FY2026 will be increased to approximately RMB15.5 million in FY2029, achieving optimized sales staff productivity. Such measures include:

1. Adopting an industry-wide sales + regional sales model, where local sales personnel serve clients locally and cultivating customer loyalty.
2. Implementing a major client strategy to deeply explore the top 10 clients in the industry.
3. Accelerating the optimization and laying off of underperforming sales team members, ensuring a continuous influx of new talent.

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4. Establishing an all-level customer communication approach such that our sales and management personnel at different levels (upper, middle, and lower) are responsible for developing targeted strategies for and communication with each client of their staff in the various corporation hierarchy.
5. Focusing on developing more comprehensive, large-scale and packaged projects involving complete factory planning and system integration projects, for whom we aim to provide all-around and ongoing planning and consulting services, securing business opportunity and large order value.

For the years ended December 31, 2023, 2024 and 2025, our impairment losses recognized on inventories amounted to RMB24.3 million, RMB15.2 million and RMB7.3 million, respectively during the Track Record Period. We expect to achieve further reduction in impairment losses on inventories due to our continuous effort and ability to commercialize our solutions and enhance efficacy of our supply chain management.

Teamwork Synergy Optimization

We highlight teamwork spirit within our Company, we organise our staff into integrated production-sales-research teams focusing on business in specific fields. Our budgets are formulated and executed at the cross-functional business squad level, with compensation packages (including base salaries, bonuses, and strategic subsidies) directly tied to unit-wide results and predefined KPIs. This aligns incentives across teams to drive unified objectives and resource prioritization.

Internal Operation Process Refinement

In order to facilitate traceability of project accountability and/or eliminating misalignment of tasks, we allocate workforce by team or by project type, improve labor efficiency and shorten delivery cycles via our R&D hubs, standardized project delivery templates, and automated development tools. We will also refine product incubation criteria to emphasize scalable commercial impact, measured by order volume and profit contribution. In 2024, we formed a specific project delivery team under the central management of our headquarters. Team members comprise sales personnel of project delivery function, cross-business unit personnel and management to achieve central management of project progress and delivery schedule of each project, thereby aiming to optimize project management and operational efficiency.

In addition, our inventories turnover days decreased from 465 days in 2023 to 257 days in 2024 and further decreased to 115 days in 2025. We expect to achieve a further decreasing trend as we aim to optimize our delivery with our enhanced project progress management through our specific project delivery team.

Digital Transformation

We will upgrade project management office operational dashboards to integrate production, sales, and research processes. End to end internal process integration and critical KPIs monitoring improve transformation efficiency from business leads to cash return. We will deploy workforce analytics dashboards to optimize human capital allocation and enhance real-time monitoring on profit margin, cost and order status. We will also establish a centralized knowledge repository to institutionalize operational expertise and reduce redundant efforts.

Development of industry-specific component platforms for delivery cost reduction

We plan to apply approximately [REDACTED]% of the net [REDACTED] of the [REDACTED], or HK\$[REDACTED], to develop industry-specific component platforms for existing products to reduce delivery costs. In particular, we will establish a product launch center to manage product iterations and implement automated product testing to reduce user acceptance testing costs and manpower and we will build an integrated R&D management platform covering product design, development, user acceptance testing and launch to streamline the entire *design-R&D-launch* process.

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Through the above measures coupled with our continuous efforts in cost reduction and operating efficiency improvement, we aim to attain sustainable growth and improved profitability. Based on the foregoing, our Directors believe that our business is sustainable.

EMPLOYEES

As of December 31, 2025, we had 550 employees, including a total of 369 employees with bachelor’s, master’s or doctorate degrees, accounting for approximately 67.1% of our employees. Substantially all of our employees were located in China. The following table sets forth a breakdown of our employees by function as of December 31, 2025.

Function	Number of Employees	Percentage of Total (%)
Administration Management	28	5.1
Research and Development	148	26.9
Sales and Pre-sales	50	9.1
Project Implementation	324	58.9
Total	550	100.0

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that fosters career development. To recruit new talent, we employ various means such as online recruitment, colleague referrals and headhunt service agency. Our initiatives for talent retention encompass executive coaching, training and development, employee benefits, incentive scheme compensation and rewards. As a result of these efforts, we believe we have established a stable core management team.

We enter into individual employment contracts with our employees. These contracts usually cover service term, position, salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment and grounds for termination. We have also entered into confidentiality and intellectual property ownership agreements and non-competition agreements with all of our full time employees requiring that any inventions created by our employees during our employment are assigned to us.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, both internally and externally, to enhance their technical, professional or management skills and to ensure their awareness and compliance with our policies and procedures.

We believe that we maintain a positive working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes with our employees.

Social Insurance and Housing Provident Funds

According to laws and regulations in China, we are required to participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance, employment injury insurance, unemployment insurance and housing provident funds through a PRC government-mandated benefit contribution plan.

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During the Track Record Period and up to the Latest Practicable Date, we had not made social insurance and housing provident fund contributions for some of our employees in full in accordance with the relevant PRC laws and regulations. During the Track Record Period, the shortfall in social insurance contributions and housing provident funds amounted to approximately RMB12.1 million, RMB10.5 million and RMB14.0 million, respectively. The Controlling Shareholder, Mr. Sun, has undertaken to us that, should our Company or any of our subsidiaries be required in the future by relevant regulatory authorities or by employees to make up for unpaid social insurance or housing provident fund contributions, or be subject to penalties imposed by such authorities, or otherwise suffer any financial losses or expenses arising therefrom, Mr. Sun shall fully pay for all such costs or losses, and shall ensure that we shall not suffer any adverse impact or loss as a result. Based on the foregoing, we did not make provision for the shortfall in social insurance and housing provident fund contribution.

According to the Social Insurance Law, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, according to the Regulation on the Administration of Housing Provident Fund, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement.

On July 31, 2025, the Supreme People’s Court of the PRC issued the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (the “**Interpretation II**”), effective from September 1, 2025. Pursuant to the Interpretation II, any agreement between an employer and an employee, or an employee’s commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people’s court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people’s court shall support the request in accordance with the law. In light of (i) the absence of prior agreements between our Company and our employees which exclude social insurance payment; and (ii) the PRC Legal Advisors’ opinion that the Interpretation II does not stipulate penalty exposure or repeal existing laws, our Directors believe the Interpretation II would not have a material adverse effect on our business or financial results.

During the Track Record Period and up to the Latest Practicable Date, we retained two third-party human resources agencies to make social insurance and housing provident fund contributions on behalf of certain employees in the locations where they worked. This arrangement was implemented primarily because we did not have a registered operating entity in those cities. Under the terms of the agreements entered into with each third-party agent, the agent assumed the obligation to pay social insurance and/or housing provident funds for the relevant employees. According to written confirmations provided by the agents, they had not been subject to investigation or administrative penalties by the relevant PRC regulatory authorities due to failure of promptly making required social insurance or housing provident fund payments for these employees during the period of the agents being retained.

Our Directors believe that the incident described above would not have a material adverse effect on our business and results of operations, considering that (i) we have obtained written confirmations from relevant authorities that no administrative penalty was imposed on us during the Track Record Period; (ii) as of the Latest Practicable Date, we had not received any notification

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from the relevant PRC regulatory authorities requiring us to pay material shortfalls with respect to social insurance and housing provident funds; and (iii) we were not aware of any material employee complaints nor were involved in any labor disputes with our employees with respect to social insurance and housing provident funds. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears. Furthermore, as advised by our PRC Legal Advisors, the risk is remote that relevant local social insurance and housing provident funds authorities will require us to pay the shortfalls for social insurance and housing provident funds, or impose administrative penalty on us.

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken the following internal control measures: (i) our human resources department shall review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis; (ii) we have been increasing the payment bases for our social insurance and housing provident fund contributions to the level compliant with the relevant laws and regulations; (iii) we will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds; and (iv) we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep abreast of relevant regulatory developments, and will provide relevant employees with legal compliance training relating to the same. We will fully rectify the non-compliance by fully complying with the relevant laws and requirements relating to social insurance and housing provident fund contribution effective before [REDACTED].

To prevent any recurrence of similar incidents in future, we have reviewed our practice and have adopted the relevant internal control measures, including:

- We have adopted a remuneration management policy, which requires our Group to make contributions to social insurance and housing provident fund in accordance with applicable PRC national and local regulations;
- Our human resources department is designated to be responsible for the daily management of social insurance and housing provident fund matters and will continuously monitor our Group's compliance with social insurance and housing provident fund requirements and implement any necessary corrective or improvement measures in a timely manner;
- We will also seek advice from our PRC legal advisers on relevant PRC laws and regulations, so as to ensure that we will remain updated on the latest regulatory developments and to gain an understanding of their specific requirements and the official interpretation of relevant rules. We will maintain regular and close communication with relevant authorities, and to make social insurance and housing provident fund contributions in a timely manner in accordance with their guidance.

Going forward, we will continue to implement the above measures and undertake to make timely payments for our Group's social insurance and housing provident fund contributions under our own accounts as required under the applicable laws and regulations.

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INSURANCE

We maintain insurance policies that are required under PRC laws and regulations, and based on our assessment of our operational needs and industry practice. As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. In addition, we also purchased supplemental medical insurance for certain of our employees during the Track Record Period. In the future, to the extent that any of the foregoing types of insurances becomes mandatory due to changes in law or other reasons, we will acquire such insurance to ensure continued compliance with the law. Our Directors believe that our existing insurance coverage is sufficient for our present operations and aligns with the industry practice in the PRC.

During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims, nor did we encounter any material difficulties in renewing our insurance policies.

PROPERTIES

Owned Properties

During the Track Record Period and up to the Latest Practicable Date, we did not own any real property.

Leased Properties

Our principal place of business is located in Shanghai, PRC. As of the Latest Practicable Date, we leased 183 properties in PRC, with a total gross floor area of approximately 22,313 sq.m. The relevant lease agreements generally have a term of three months to nine years.

Our leased properties are mainly used as office premises for our business operations, employee accommodations and warehouses, which are non-property activities as defined under Rule 5.01(2) of the Listing Rules. We believe our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

Lease agreements are required by applicable PRC laws and regulations to be registered with the relevant PRC authorities. During the Track Record Period and as of the Latest Practicable Date, we had not completed the registration of all the lease agreements. See “Risk Factors — Risks relating to our general operations and industry — Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.” We have not been subject to any penalty nor received any rectification notice from government authorities in respect of lease registrations. If we receive notice from the relevant PRC government authorities requiring us to complete the registration and filing of lease agreements within prescribed time frame and we fail to do so, the maximum aggregate amount of potential administrative penalties which may be imposed on us amounted to RMB1.62 million. As advised by our PRC Legal Advisors, if the lease registration is completed within the prescribed time limit ordered by competent government authorities, the risk of government authorities to impose any penalty on us with respect to these leased properties is remote.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material difficulties in renewing lease agreements or locating new premises for employee accommodations.

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LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors and to the best knowledge of our Directors, there were no litigation, arbitration or administrative proceedings against our Company or any of the Directors which had caused a material and adverse effect on our business, results of operations or financial performance. The Joint Sponsors are not aware of any circumstances suggesting the contrary to the above.

Compliance

We are subject to various regulatory requirements and guidelines issued by regulatory authorities in PRC. During the Track Record Period and as of the Latest Practicable Date, to the best knowledge of our Directors, we did not commit any material non-compliance of the laws and regulations, which taken as a whole, is likely to have a material and adverse effect on us. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects in PRC.

TRADE RESTRICTIONS AND TARIFF

Certain countries or organizations, including the Relevant Jurisdictions, have implemented economic sanctions against Sanctioned Countries or against targeted industry sectors, companies, individuals, and/or organizations. During the Track Record Period, we sold our products to non-sanctioned customers located in China, India, Malaysia, Vietnam and Thailand (“**Relevant Activities**”). As advised by Ashurst Tokyo, our Group had been in compliance with all applicable sanctions and export control laws and regulations of the Relevant Jurisdictions during the Track Record Period and up to the Latest Practicable Date. In particular, Ashurst Tokyo has advised that our Group did not engage in Primary Sanctioned Activity or Secondary Sanctionable Activity, and no Group entity has been designated as a Sanctioned Target or operates in or involving any Sanctioned Country. As such, the Relevant Activities did not represent a violation of the applicable International Sanctions in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons. Furthermore, our Group mainly operated in China during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisor, our Group had been in compliance with all applicable import control laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

Moreover, during the Track Record Period, we sourced some U.S.-origin parts and software and incorporated them into a small portion of our products sold to Chinese customers. Ashurst Tokyo has advised that such sales activities should not give rise to material risks under applicable U.S. export control laws because (i) none of our products is a “direct product” of specified “technology” and “software” in accordance with U.S. export control regulations, (ii) the U.S.-origin items we sourced are not export “controlled” and therefore do not subject our products incorporating them to a license requirement for selling to Chinese customers, and (iii) none of our products were sold to any entity on the BIS Entity List in violation of U.S. export control regulations. During the Track Record Period, we have not directly or indirectly imported any goods from the U.S. As advised by our PRC Legal Advisors, our import activities have not been directly affected by U.S. tariffs or export control measures. As our procurement is primarily sourced from South Korea, our Directors have confirmed that we do not anticipate any material short-term risk or direct impact arising from China-U.S. trade tensions.

On October 28, 2024, the U.S. Treasury issued the Outbound Investment Rule, which became effective on January 2, 2025. The Outbound Investment Rule targets investments involving persons and entities associated with “countries of concern,” currently including China (including Hong Kong and Macau), and it imposes requirements (such as prohibition or notification requirements) on a wide range of investments in persons engaged in activities in certain sectors, including the semiconductors and microelectronics, quantum information technologies or AI. The Outbound Investment Rule defines these as “covered activities,” with persons from countries of concern engaged in covered activities defined as “covered foreign persons.” Investments by U.S. persons subject to the Outbound Investment Rule, which are defined as “covered transactions,” include among other things acquisitions of equity interests (including purchases of shares in an initial public offering or contingent equity).

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Our Directors, taking into account Ashurst Tokyo’s advice, are of the view that our Company is not a covered foreign person under the Outbound Investment Rule, as we do not engage in any covered activity involving the sectors mentioned above. Specifically, as advised by Ashurst Tokyo:

- we do not engage in any covered activity relating to the semiconductor and microelectronics sectors. Specifically, in each case as defined under the Outbound Investment Rule, we do not participate in (a) the development or production of electronic design automation software for the design of integrated circuits (“IC”) or advanced packaging; (b) the development or production of semiconductor fabrication or advanced packaging equipment; or (c) the design, fabrication, or packaging of certain advanced integrated circuits, as we do not engage in any IC design, fabrication or packaging activities, nor do we develop or produce any automation software or equipment for the purpose thereof;
- we do not engage in any covered activity in the quantum information technologies, which generally cover activities including (a) the development of supercomputers; (b) the development of quantum computer or certain quantum platform or network; (c) the development of certain AI systems for military, government intelligence or mass-surveillance end use;
- we do not engage in any covered activity relating to the artificial intelligence sector. While we have developed certain software with AI capabilities such as our LOFA platform, such technologies are not intended for any of the restricted end uses associated with either the “prohibited” or “notifiable” transactions under the Outbound Investment Rule;
- no Group entity has a voting or equity interest, board seat, or certain powers with respect to any covered foreign person, and no more than 50 percent of our annual revenue, net income, capital expenditure or operating expenses (both individually and aggregated across such entities) is attributable to covered foreign persons; and no entity within our Group participates in any joint venture that engages in a “covered activity.”

Furthermore, the Outbound Investment Rule contains a number of excepted transactions, including investments in publicly traded securities, denominated in any currency, that trade on a securities exchange or over-the-counter in any jurisdiction (the “**Publicly Traded Securities Exception**”). Even if we were deemed a covered foreign person by the Treasury, following the completion of the [REDACTED], it is expected that U.S. persons will be able to invest in our H Shares in reliance on the Publicly Traded Securities Exception, so long as such investments do not afford a U.S. person rights that exceed standard minority shareholder protections.

On December 23, 2025, the U.S. Department of the Treasury published additional frequently asked questions (the “**FAQs**”) regarding the Outbound Investment Rule. Among other things, FAQ X.4 clarifies that, absent additional facts, where a U.S. person acquires an equity interest in a covered foreign person and, at the time of such acquisition, the equity interest is publicly traded, such equity interest falls within the description of a “publicly traded security” under 31 C.F.R. Part 850, regardless of when any agreement to make such investment was entered into. The FAQs therefore provide additional guidance on the scope and application of the Publicly Traded Securities Exception. As advised by Ashurst Tokyo, the publication of the FAQs does not change the applicability or operation of the Publicly Traded Securities Exception with respect to investments in our H Shares, because we are not a “covered foreign person.” Accordingly, the impact of the Publicly Traded Securities Exception on investments in our H Shares by U.S. persons remains unchanged before and after the issuance of the FAQs. For completeness, neither the Outbound Investment Rule nor the FAQs define the precise time at which an acquisition is deemed to occur. As advised by Ashurst Tokyo, it is reasonable to conclude that an acquisition of the H Shares by investors occurs upon settlement, at which time the investors receive the H Shares. To the extent that settlement of H Shares purchased by U.S. persons occurs after 9:00 a.m. on the [REDACTED],

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such H Shares would be publicly [REDACTED] and [REDACTED] at the time of acquisition. However, where settlement occurs prior to 9:00 a.m. on the [REDACTED], when the H Shares are not yet publicly [REDACTED] and [REDACTED] (including, for example, settlement of the [REDACTED]), it remains uncertain whether the Publicly Traded Securities Exception under the Outbound Investment Rule would be applicable.

U.S. tariffs (“**U.S. Tariffs**”) imposed on Chinese-origin goods currently in place include those imposed under (i) section 301 of the Trade Act of 1974 of the U.S. (generally 7.5% to 25% across product lists covering electronics and machinery); (ii) section 232 of the Trade Expansion Act of 1962 of the U.S.; and (iii) section 122 of the Trade Act (currently 10% globally). As advised by Ashurst Tokyo, given that we do not directly or indirectly (to our best knowledge) export product to the U.S., nor do we intend to do so following the [REDACTED], the U.S. Tariffs imposed on China or other jurisdictions do not have direct material adverse impact on our Group’s business, operations or financial condition. As advised by Ashurst Tokyo, the U.S. Tariffs may be levied on our downstream customers if they export products to the U.S.. The U.S. Tariffs on downstream products may ultimately lead to reduced demand for upstream products, including services such as our software and related services. However, our Directors are of the view that such potential indirect exposure is limited (if any) and immaterial to our business, operations or financial condition, given our sales focus on Vietnam, Singapore, Malaysia, Thailand and India, with products primarily for end-use in those jurisdictions.

INTERNAL CONTROL AND RISK MANAGEMENT

We have established and effectively implemented a set of risk management measures and internal control policies and procedures that we consider to be appropriate for our business operations, financial reporting and human resources and we are dedicated to continuously improving these policies. Furthermore, we continually review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient.

Operational Risk Management

We are faced with operational risks relating to our daily operations, which primarily arise from inadequate or failed internal processes, human errors, IT system failures or external events. To assure the quality of our products and our services we held meeting with client to collect timely response and conduct regular customer follow-up to evaluate our performance.

Financial Reporting Risk Management

We have established policies, procedures, and internal controls for financial reporting risk management to ensure the accuracy, integrity, and compliance of financial data.

We undergo a multi-tiered review process ensures the accuracy of financial statements. Internal controls are embedded in critical processes such as tax calculation, budget execution, and asset lifecycle management.

Human Resource Risk Management

Our internal control and risk management policies for human resource management cover recruitment, training, promotion and division transfer management. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different divisions. We also conduct periodic performance reviews for our employees, and implementation of internal risk management policies on a regular basis.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Our Board is responsible for the oversight and management of key ESG risks, and the implementation of our ESG strategies is taken care by our specialized ESG working group and relevant departments. We hold quarterly meetings, covering our ESG indicators and planning. Our ESG working group monitors the effectiveness of our ESG strategy implementation, regulatory and industry ESG trends to ensure our ESG-related compliance.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had complied with all applicable PRC laws and regulations in relation to social, health, safety, and environmental matters in all material aspects, and we had not been subject to any fines or other penalties due to non-compliance with social, health, safety or environmental laws and regulations.

ESG Governance Structure

We plan to establish a dedicated ESG task force, led by the two Co-Presidents, Mr. Li Qiu and Mr. Chen Meng. The task force will include heads of core departments such as R&D production, supply chain, and compliance, and will be responsible for the overall coordination of ESG strategy formulation and execution. We expect to ensure the long-term effective implementation of our ESG governance strategy through an efficient and stable governance framework.

We developed short-, medium-, and long-term plans for the construction and implementation of our ESG management system:

Short-term: We plan to organize ESG-themed workshops for the management team, conduct internal research, and identify risks across the entire business chain to establish a fundamental ESG management framework.

Medium-term: We will gradually promote the integration of ESG into our core business, set phased ESG goals, implement a dynamic management mechanism, and foster ESG awareness and culture among employees.

Long-term: We aim to further upgrade our governance system, expand the value of ESG, and drive coordinated development across the industrial chain.

Internal Control System

We have established an internal control system, with clear policies in place for key areas such as procurement processes, supplier management, employee compensation, legal compliance, and development goals. By leveraging a problem-solving checklist, we effectively monitor potential risks and standardize internal management as to our ESG performance. Through this systematic institutional framework, we have built a sound and effective internal-control management system.

Environmental Indicators and Management

We attach great importance to the environmental impact during our operations and strictly comply with the environmental laws and regulations of the operating locations. By incorporating environmental governance into our core strategic development, we actively build a green value chain that covers all operational scenarios, promoting our overall green development.

In terms of practicing green and low-carbon operations, we implemented several effective environmental management measures. First, in our daily office operations, we fully implement green management practices, establishing and strictly enforcing detailed energy usage standards such as promoting digital office model, extensively applying electronic document workflows, and have largely achieved paperless offices. We implement green procurement by prioritizing suppliers who hold environmental management system certifications, energy-saving certifications.

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Emissions

We do not have our own production factories and do not directly engage in the manufacturing process. Therefore, our operations do not directly lead to the generation of large amounts of industrial waste, wastewater, or exhaust gases.

We strictly manage emissions generated in our daily operations. The current main source of exhaust emissions comes from vehicle exhaust. We work to minimize this impact by optimizing vehicle scheduling. The waste mainly consists of everyday office waste generated by employees. We have set up classified trash bins, implemented the classification of hazardous and non-hazardous waste, and promoted the recycling of recyclable materials. Wastewater mainly comes from daily water use by employees. With waste management measures taken by us, the above waste and emission have limited impact on the environment.

The emission data for exhaust gases, wastewater, and waste generated by us during the Track Record Period is as follows:

Classification	Unit	Year ended December 31,		
		2023	2024	2025
Exhaust Gas⁽¹⁾				
Nox	kg	2.33	2.64	2.20
PM	kg	0.17	0.19	0.19

Wastewater

Domestic Wastewater⁽²⁾ Our wastewater mainly consists of office domestic wastewater.

Waste

Domestic Waste⁽²⁾ Our waste mainly consists of office domestic waste.

Notes:

- (1) The increase of exhaust gas emission in 2024 was due to the expansion of our business leading to increased use of vehicles for business purpose. In 2025, by reducing the use of vehicles for business trips and replacing offline meetings with online conferences, we have decreased the mileage of our vehicles, thereby reducing exhaust gas and scope 1 emissions.
- (2) Wastewater and waste are treated by the property management in a unified manner.

Resource Consumption

Our daily resource consumption mainly comes from electricity and water usage in office spaces and during storage in warehouses.

We promote energy-saving initiatives including strict lighting and fuel control. We also carry out energy-saving campaigns to promote green development and energy conservation.

We strengthen water management by establishing water usage records and statistics systems, conducting timely inspections and repairs, and eliminating long-running water or leaks.

Relying on digitalization, we implement paperless office systems, utilize the office automation system, promote the digitalization of meeting materials, and move approval processes online. We also advocate the use of public transportation and other low-carbon travel options.

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Our resource consumption during the Track Record Period is as follows^{Note}:

Resource Classification	Unit	Year ended December 31,		
		2023	2024	2025
Electricity	MWh	58.47	70.29	47.21
Water Resources	tonnes	322.00	313.00	302.00

Notes:

- (1) Electricity consumption in 2023 and 2025 were generally consistent with a reduced level in 2025 as a result of our effort in achieving energy reduction. In 2024, we increased the capacity of our IT servers and added 5 air-conditioners to optimize the office environment, we also undertook renovation of our premises, resulting in a corresponding increase in electricity expenses.
- (2) Since our water fees are included in the building’s property management fees, past water consumption cannot be separately itemized. The water consumption is estimated based on the proportion of our office area to the total building area.

Based on the current business operations and industry practices, and to actively promote sustainable transformation, we have set an energy management goal that by 2030, we target to reduce per capita electricity and water consumption by 3% of the current levels.

To ensure achievement of these goals, we will gradually replace high-energy-consuming devices with energy-efficient appliances. We will continuously conduct employee green behavior guidance and implement a “Green Office” initiative by raising awareness through internal communication, training, and activities.

Carbon Management

As our business primarily involves software development, our ESG metrics (per capita carbon emissions) are relatively lower than the industry average compared to other semiconductor-related companies as illustrated below:

Company	Greenhouse Gas Emissions per Employee (Scope 1 + Scope 2)	2024
Our Company . . .	Total carbon dioxide emissions in metric tons/ total number of employees	0.1
Company A	Total carbon dioxide emissions in metric tons/ total number of employees	3.3
Company B	Total carbon dioxide emissions in metric tons/ total number of employees	1.3

Our specific carbon emission during the Track Record Period is as follows^{Note}:

Classification	Unit	Year ended December 31,		
		2023	2024	2025
Scope 1	Metric tonnes of CO ₂ equivalent	5.51	9.62	3.68
Scope 2	Metric tonnes of CO ₂ equivalent	33.34	40.09	26.93
Scope 3	Metric tonnes of CO ₂ equivalent	0.13	0.13	0.12

Notes:

- (1) Scope 1 emissions primarily come from fuel consumption of vehicles. Scope 2 emissions mainly originate from electricity usage. For their respective fluctuation during the Track Record Period, please refer to “ — Emissions” and “ — Resource Consumption” above.
- (2) Scope 3 emissions include carbon emissions related to fresh water; other emission categories are not applicable to the Company.

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Based on the current business operations and industry practices, and in response to the national carbon peak and carbon neutrality goals, we set the following carbon emission targets: By 2030, we target to reduce the annual per-vehicle CO₂ emission intensity by 5% of the current level. We will gradually replace our vehicles with new energy vehicles, with the goal of completing the full replacement by 2030.

Identification of climate-related risks and opportunities

In addressing climate risks, we have identified both acute and chronic physical risks, as well as transition risks, and analyzed their potential impacts on our Company as follows:

Physical Climate Risks

Acute Risks: Extreme weather events caused by climate change may damage our properties and assets, impact our operations and increase employee injury rates.

Chronic Risks: Systemic pressures caused by long-term climate change will increase the likelihood of business disruptions and asset value depreciation, leading to financial losses.

Transition Climate Risks

Policy and Compliance Risks: We need to meet stricter environmental control requirements, failing which could result in fines increased compliance costs, and damage brand image.

Market Risks: Growing demand from consumers for sustainable products drives green transformation of businesses, failing which we may face risk of declining market share.

Reputation Risks: Governments and various stakeholders increasingly expect our businesses to fulfill climate governance responsibilities and enhance transparency in environmental disclosures, failing which could result in reputational damage.

While addressing the challenges posed by climate change, we also explore climate-related opportunities to drive our long-term sustainable development. Specific climate opportunities include:

Brand Image: As the market places increasing importance on green production, technologies that optimize energy consumption of semiconductor production equipment will provide market opportunities for us. By improving green manufacturing technologies, we can meet consumer performance demands while establishing a strong green brand image, aligning with market trends, and advancing sustainable development goals.

Competitive Advantage: As semiconductor applications in fields like new energy vehicles and consumer electronics continue to grow, our green supply chain transformation represents an opportunity to enhance our competitive advantage.

Social Indicators and Management

We aim to enhance corporate social responsibility awareness and creating shared value through the following social management practices.

Employment and Labor Practices

In strict compliance with the labor-related laws and our Employee Handbook, we ensure full protection of employees' lawful rights. No forced labor occurred, and no minors under the legal minimum employment age were hired during the Track Record Period and up to the Latest Practicable Date. We establish a policy for employee rewards, penalties, and promotions based on performance results. We also establish a positive and progressive compensation system and formulate a salary standard based on job position and performance. All of the above practices motivate and uplift work atmosphere for employees.

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For the year ended December 31, 2023, 2024 and 2025, our employee turnover rate was 21.0%, 31.3% and 20.1%, respectively. As of December 31, 2023, 2024 and 2025, the number of female employees represented 12%, 11% and 12% of our total employee numbers.

Occupational Safety

Annual physical check-ups are provided for employees with more than two years of service. We also care for employees’ mental health and personal well-being through team meals and performance interviews. In compliance with relevant labor safety laws there were no work-related fatalities or lost workdays due to occupational injuries during the Track Record Period and up to the Latest Practicable Date.

Employee Development and Training

To standardize employee training and ensure that all personnel possess the necessary knowledge and skills for their positions while providing clear career development directions, we organize various training programs, such as the *Eaglet Program*, and *Sales Training*. During the Track Record Period and up to the Latest Practicable Date, we carried out over 700 training sessions in total, with an aggregate training time exceeding 128,000 hours.

Under our training system, at the beginning of each year, HR department formulates annual training plan based on our operational goals and the previous year’s training outcomes. Training topics cover corporate level and Job-specific knowledge. Content breadth and depth are tailored to different roles to help staff continuously improve their skills.

Annual performance evaluations are conducted at year-end, and department heads carry out mid-year assessments. Employees who meet the competency requirements may be promoted or reassigned.

Sustainable Supply Chain

During the supplier onboarding stage, we implement strict admission criteria including assessment of qualifications, reputation, environmental or social risk evaluation and commercial terms. Through this process, a reliable and competitive supplier network is established. We also conduct suppliers review annually, suppliers are graded and the best-performing suppliers are selected to optimize the supplier structure to ensure procurement efficiency.

Product Responsibility

We deliver high-performance and high-quality products. No major product recalls due to safety or health concerns have occurred during the Track Record Period and up to the Latest Practicable Date. Furthermore, we did not receive substantial complaints regarding product quality as of the Latest Practicable Date.

Product Management

We ensure product functionality, safety, and durability through quality management and customer protection policies. We implement a quality management manual based on ISO 9001:2015, demonstrating our ability to consistently deliver products and services that meet customer and regulatory requirements. We also maintain direct communication with customers which help capture feedback and trust, enhancing satisfaction through timely resolution. During the Track Record Period and up to the Latest Practicable Date, there were no material complaints, product liability claims, or product returns related to our Specialist Technology Products.

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Intellectual Property Protection

Intellectual property is a core asset of our innovation and competitiveness. We have established and implemented an intellectual property management system.

Anti-Corruption

Integrity is a core principle of our business operations. We have implemented policy covering anti-corruption, anti-bribery, anti-money laundering, and anti-fraud measures which explicitly prohibits bribery, kickbacks, or unethical conduct. During the Track Record Period and up to the Latest Practicable Date, no corruption incidents were reported.

Material Safety Data

During the Track Record Period and up to the Latest Practicable Date, as confirmed by our Directors, there was no material safety data for our Specialist Technology Products, and there were no serious adverse events in connection with the safety data for our Specialist Technology Products.

DATA PRIVACY AND SECURITY

We comply with data privacy laws and protecting the security of customer data. We have established an internal information center to oversee our network operations and ensure the security of our system and data.

Combined with the specific provisions of relevant laws and regulations, we have established a data security management system, including:

- Information System Risk Prevention Protocol which mitigates and monitors risks associated with our information systems to enhance the operability and relevance of our risk management practices.
- Cybersecurity and Protection Management Protocol which serves as a managerial foundation for the operation of cybersecurity and business data safety and aims to prevent data loss, damage, alteration, and leakage, while enhancing the security of network and related business systems.
- Data Security Management Protocol which regulates the distinct backup and storage procedures for various types of data, ensuring that data remains within our control. Guidelines are provided for security of our internal information system data, as well as for the management of external and internal project data security.
- Scientific Data Management Rules which covers classification and grading of scientific data and full-lifecycle security management. We have established a security and confidentiality review system for scientific data to be made public or externally. We have also taken security control measures for externally shared data to ensure that data sharing is traceable and responsibilities can be held accountable.

We have obtained relevant certifications, including ISO9001 Quality Management System Certification, ISO 20000 Information Technology Service Management System Certificate, and ISO27001 Information Security Management System Certification. The information security management system that we have established meets the standard requirements of relevant international and domestic standards.

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We currently collect personal information primarily for product development and project collaboration purposes, which requires the collection of, among others, contact information of customers and suppliers. Below sets forth details of collection/acquisition, use/processing or sharing of data (including personal information) by our Company:

Data Source	Data Type	Data Scope
Provided by customers via our official website, WeChat account and third-party marketing agencies or collect through exhibition hosts or organizers	Customer contact information	Individual or Company name, phone number, email address, correspondence address, ID number, etc. (where appropriate)
Acquiring customer contact information through social media platforms.	User information on social platforms	User information on social platforms, including user ID, profile photo, personal bio, and other details
Collecting directly from customers.	- Product/project requirements information - Product demonstration and test data - Project secondary development requirements information - Operation and maintenance requirements information	- Customization requirements for software products, including system architecture, product feature and specifications - Including fictional test data and desensitized real production environment data - Including project objectives, implementation strategies, detailed requirement descriptions, configuration files and parameter requirements - Including software system error messages
In-house generated	R&D data ^(Note 1)	Including product or project development code generated (such as model data contained within the product or project) and logical description files (such as flowcharts)
In-house generated	Project data ^(Note 2)	Project software code designed for operation in customer environments (some projects may include model code)
In-house generated	Data on R&D requirements and technical issues ^(Note 3)	Including development requirements data provided to other companies and technical issue data provided to external firms and partner institutions
Collecting directly from external partners	Collaborative R&D data	collaborative R&D results data generated based on the R&D requirement data provided by our Company
Collecting directly from external firms and partner institutions	Technical consultation data, technical solution data, and other R&D-related data	Including technical consultation reports, project research report and technical solutions, etc. generated based on the technical issue data provided by our Company

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Notes:

1. Intermediate R&D data generated during our Company’s R&D activities for the development of standardised products and its secondary development activities undertaken in response to customer-specific requirements, which have not yet been incorporated into the final deliverables.
2. Project data delivered to customers following our Company’s completion of the aforementioned R&D activities. The project data and Company’s solutions are deployed on customers’ own on-premises infrastructure, all data processing takes place within the customers’ own environments and systems.
3. Data on R&D requirements and technical issues generated during our Company’s internal R&D activities.

We have obtained consent from the data subject. The Company has obtained valid authorisation from data subjects for the collection, holding and use of relevant personal information through its privacy policy and the existing rules and arrangements of social platforms and exhibitions. In respect of product- or project-specific data provided by customers, during the product R&D stage, customers voluntarily provide R&D requirement data and test data for our Company’s customised development. Furthermore, during the project secondary development, implementation and operation and maintenance service phases, we collect corresponding requirement data for secondary development or operation and maintenance voluntarily provided by the customers as referenced above, we provide on-site maintenance within customers’ on-premises environments and systems, or perform remote maintenance by accessing the paths provided by customers, as contractually agreed or requested, and do not collect any other customer data, such as data relating to the operation of customers’ product-/project-specific data. Customers’ voluntary provision of such data constitutes their authorisation for our Company to collect, hold and use such data for the purpose of completing the relevant customised development. As advised by our PRC Legal Advisors, since PRC laws has not yet made clear provisions on the ownership of such data, based on the data source, the contractual agreement between us and client, and judicial practice, we have the right to hold and use the above-mentioned data.

We have formulated internal management systems and strictly stored data (including personal information) in accordance with laws and regulatory requirements, and our internal management systems. The storage period of personal information shall be determined in accordance with the shortest time necessary to achieve the purpose of the authorized use, unless otherwise stipulated by laws and regulations or with the owners’ authorization. Our business related data processed by the information systems are all stored within China. We do not provide or transfer personal information to any third party for the purpose of our business and product operations. Our data transfer is limited to scenarios that are necessary for the performance of our business activities. We do not engage in any transfer of data arising from circumstances such as merger or consolidation, reorganization, division, dissolution, or declaration of bankruptcy, etc.,

During the Track Record Period and up to the Latest Practicable Date, we had not experience any material data leakage or data loss, nor did we receive any third-party claim against us on the ground of infringement of such party’s right to data protection as provided by any applicable laws and regulations. In addition, we were not involved in any cross-border personal information and important data transfers during the Track Record Period and up to the Latest Practicable Date. In accordance with the relevant PRC laws and regulations, during the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we do not have any material risks in terms of cyber security, data security and personal information protection in relation to our business and product operations within China and we had been in compliance with the relevant PRC laws and regulations in all material aspects. Our Directors confirm that our Group had not involved in collecting, using, processing and/or sharing of data (including personal information subject to data protection and privacy) in overseas jurisdictions during the Track Record Period and up to the Latest Practicable Date. There are no fundamental issues that would prevent us from continuing our business due to serious violations of relevant laws or regulatory requirements in the areas of cyber security, data security and personal information protection.

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AWARDS AND CERTIFICATIONS

During the Track Record Period, we have been granted a number of major awards and obtained certain important certifications in recognition of our technology and innovation achievements, the particulars of the major ones of which are set out as follows:

Year of Grant	Award/Certification	Issuing Organization/Authority
2023	Specialised, Sophisticated, Special and New “Little Giant” Enterprise (專精特新「小巨人」企業)	MIIT
2023	TOP 20 2023 China Intelligent Manufacturing Innovation Technology Applications (2023 中國智能製造創新技術應用 TOP20)	World Innovators Meet (世界創新者年會)
2024	2023-2024 Semiconductor Market Technology Innovation Company Award (2023-2024半導體市場技術創新企業獎)	China Center for Information Industry Development
2024	TOP 20 2024 China Semiconductor Manufacturing Technology Innovation (2024中國半導體製造技術創新TOP20)	World Innovators Meet (世界創新者年會)
2024	Top 50 2024 Enterprises in Minhang District, Shanghai (2024年度上海閔行區50強企業)	The People’s Government of Minhang District, Shanghai
2024	High and New Technology Enterprise Certificate	Commission of Science and Technology of Shanghai Municipality, Shanghai Municipal Bureau of Finance, and State Taxation Administration Shanghai Municipal Tax Service
2025	Shanghai Municipal Certified Enterprise Technology Center (上海市認定企業技術中心)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會) and four other organizations

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LICENSES, APPROVALS AND PERMITS

Our Directors, as advised by our PRC Legal Advisors, confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant PRC laws and regulations in all material respects and have obtained all material licenses, approvals and permits from relevant regulatory authorities for our operations in China. Such business licenses had remained in full effect. Set out below is a summary of the material license and certificates of our Group:

Holder	License/Permit	Issuing Authority	Issuance Date	Expiration Date
Company . . .	Software Enterprise Certificate	China Software Industry Association (CSIA)	2025-07-31	2026-07-30
Company . . .	Software Product Certificate	China Software Industry Association (CSIA)	2023-09-30	2028-09-29
Company . . .	Registration Certificate of Customs Declaration Entity	Xinzhuang Customs District of the PRC	2014-12-26	Long-term
Shanghai Hongyan . .	Software Product Certificate	China Software Industry Association (CSIA)	2023-02-07	2028-02-06

IMPACT OF THE COVID-19 OUTBREAK AND SEASONALITY

Since early 2020, the COVID-19 pandemic has led governments across the globe to impose measures to contain its spread, including lockdowns, travel restrictions and business operation limitations, causing significant disruption to economic activities. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak did not have a material adverse impact on our business, results of operations and financial condition. We have implemented remote working protocols, digital project management systems and flexible deployment of our professional staff to mitigate potential disruptions. There was no cancellation of confirmed contracts nor any material loss of future orders directly attributable to the pandemic. We will continue to closely monitor the situation and adapt our business continuity measures as necessary.

Our business has historically experienced seasonal fluctuations, primarily driven by our customers’ budget cycles and project implementation schedules. The first quarter of each calendar year typically represents our weakest quarter as many customers in the PRC and overseas markets delay new project commencements until after the Chinese New Year holidays and following the annual budget finalisation process. Our Directors confirm that while seasonality has affected the quarterly distribution of our revenue and working capital requirements during the Track Record Period, it has no material adverse impact on our overall annual business, results of operations or financial condition. We actively manage these seasonal effects through flexible resource allocation, advance project planning with key customers, and maintaining adequate credit facilities to address temporary working capital fluctuations.