OVERVIEW

We are a leading intelligent control solutions provider in China, specializing in the design and delivery of integrated circuit chips, with microcontroller units (MCUs) at the core of our offerings. Leveraging deep domain expertise and innovation-driven development, we empower a wide range of applications with high-performance, energy-efficient, and cost-effective intelligent control solutions.

Our history traces back to June 2001 when the predecessor of our Company was established in the PRC as a limited liability company, primarily engaged in the development, design and sales of integrated circuit chips. We made our entry into the consumer electronics and smart household appliances sectors and extend from our core strengths in these sectors into verticals such as industrial control and automotive electronics. Building on our strengths in MCU design and development, we have extended our offerings to include a broad range of system-on-chips and application-specific integrated circuits, enabling us to deliver one-stop intelligent control solutions that integrate chips, embedded algorithms, and technical support. As we continue to improve our design capabilities and accumulate experience in our product portfolio and application development, we have transformed from a chip design company into a one-stop intelligent control solutions provider.

In December 2019, our Company was converted into a joint stock company. Since August 2022, our A Shares have been listed on the Shanghai Stock Exchange STAR Market (stock code: 688380). As of the Latest Practicable Date, our total issued share capital was RMB400,365,000, comprising 400,365,000 A Shares (including 1,506,639 A Shares as treasury Shares), of which approximately 55.77% was controlled by our Controlling Shareholders Group.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key corporate and business development milestones:

Year	Event
2001	Our company was established.
2014	We achieved in-circuit emulation support across our entire MCU production line.
2017	Chengdu R&D Center was established.
2018	We expanded our market presence to the consumer electronics sector.
	Beijing R&D Center was established.
	We acquired Sichuan Xinlianfa and initiated our own assembly and test production line.
2019	We converted into a joint-stock liability company.
2020	We were awarded the 2020 China IC Design Awards — Best MCU of the Year (2020年中國IC設計成就獎 — 年度最佳MCU)
2021	Our products were recognized as "One of the Top Ten Main Control Chips for BLDC Motor Controllers in 2021" (2021年BLDC電機技術市場表現獎BLDC電機控制器十大主控芯片).
	We achieved the mass production of 12-inch wafer 90/55nm eFlash MCU products.

Year	Event
2022	Our Company's A Shares were listed on the Shanghai Stock Exchange STAR Market (stock code: 688380).
	Our new generation of automotive-grade MCU compliant with the AEC-Q100 standard has been officially released.
	We were awarded the "Cutting-Edge Chip Award" (前沿芯片獎) by the RISC-V Alliance (RISC-V聯盟).
	We were accredited as a National Specialized, Sophisticated, Differential, and Innovative SMEs (國家專精特新"小巨人"企業).
	We launched the first multi-channel, dual-AD high-precision SoC CMS8H1215 in China.
2024	Certified for ISO 26262 Automotive Functional Safety Process at ASIL D level (ISO 26262汽車功能安全ASIL D流程認證).
	We received the "Market Performance Award" by the Shenzhen Semiconductor Industry Association.

MAJOR SUBSIDIARIES

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

Name of subsidiary	Place of incorporation	Date of Incorporation	Equity interest attributable to our Group	Principal business activities
China Micro (Sichuan)	PRC	April 7, 2017	100%	research and development and sales of chips
Zhongshan Lianfa	PRC	January 28, 2010	100%	chip sales and technical support
China Micro (Shanghai)	PRC	September 16, 2020	100%	research and development of chips
China Micro (HK)	Hong Kong	Sep 5, 2008	100%	wafer purchase platform

MAJOR SHARE CAPITAL CHANGES AND DEVELOPMENT OF OUR COMPANY

Early Development of our Company

In June 2001, our Company was founded by Mr. Yang, focusing on research and development of MCUs. The initial registered capital of our Company was RMB1,000,000. Upon the completion of several rounds of capital raises, in September 2019, the registered capital of our Company reached RMB66,660,000.

Conversion into a Joint Stock Company with Limited Liability

In December 2019, our Company (then known as Shenzhen China Micro Semicon Co., Ltd. (深圳市中微半導體有限公司)) was converted from a limited liability company to a joint stock company with limited liability with a share capital of RMB66,660,000 divided into 66,660,000 Shares, which were subscribed by all of the then shareholders (being our promoters during the conversion). Immediately following the conversion, the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of Shares Held	Approximate Percentage of Shareholding
		(%)
Mr. Yang	28,800,000	43.20
Mr. Zhou Yan (周彥)	20,400,000	30.60
Mr. Zhou Fei (周飛)	3,600,000	5.40
Mr. Jiang Zhiyong (蔣智勇)	3,600,000	5.40
Mr. Luo Yong (羅勇)	3,600,000	5.40
Shunwei Xinhua	3,330,000	5.00
Shunwei Zhiyuan	3,330,000	5.00
Total	**66,660,000**	**100.00**

Shares Capital Increase and Share Transfer prior to the Listing on the Shanghai Stock Exchange STAR Market

Following the completion of several rounds of capital raises in 2020 and the share transfer in January 2021, the Company's share capital was RMB337,365,000. Immediately prior to the listing on the Shanghai Stock Exchange, Mr. Yang, Mr. Zhou Yan and Mr. Zhou Fei directly and indirectly controlled an aggregate of approximately 73% of our Company's issued share capital at the time.

Listing on the Shanghai Stock Exchange STAR Market

In August 2022, our A Shares were listed on the Shanghai Stock Exchange STAR Market (stock code: 688380). During the A-Share Listing, we offered a total of 63,000,000 A Shares under the A-Shares Listing, representing approximately 15.74% of our enlarged share capital immediately following the completion of the A-Shares Listing and our registered share capital increased to RMB400,365,000. Upon completion of the A-Shares Listing, Mr. Yang, Mr. Zhou Yan and Mr. Zhou Fei directly and indirectly controlled an aggregate of approximately 61.52% of our Company's issued share capital at the time.

Repurchase of Shares for Employee Incentive Purposes

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's employee stock ownership plans or equity incentives was approved by the sixth meeting of the second session of the Board convened on August 10, 2023 ("**Repurchase Mandate**"). The Repurchase Mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board and has expired on August 9, 2024. A total of 1,506,639 A Shares were repurchased under the Repurchase Mandate, which are held under our Company's stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any of such repurchased A Shares not used for purpose of our Company's employee stock ownership plans or equity incentives within 36 months after the completion of the repurchase shall be canceled. As of the Latest Practicable Date, the Company has not cancelled any of such repurchased A Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not carry out any major acquisitions, disposals or mergers which would fall within the scope of Rule 4.05A of the Listing Rules.

POST TRACK RECORD PERIOD ACQUISITION

We proposed to acquire a minority equity interest of a company after the Track Record Period and up to the Latest Practicable Date. We have applied to the Stock Exchange for, and the Stock Exchange [has agreed] to grant us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the proposed acquisition. See "Waivers from Strict Compliance with the Listing Rules — Waiver in respect of Company and Business to be Acquired after the Track Record Period" for alternative disclosure of the acquisition.

EMPLOYEE INCENTIVE SCHEMES

Since our A Share Listing, we adopted the 2023 Restricted Share Incentive Scheme to attract and retain talents and to motivate our employees. The scheme initially granted 4,800,000 restricted A-shares. Subsequently, 2,791,790 of these shares were canceled. As of the Latest Practicable Date, the remaining 2,008,210 outstanding and unvested restricted shares were canceled due to the non-satisfaction of the vesting conditions. As (i) all the granted restricted shares were canceled, (ii) none of the restricted shares have been vested, and (iii) there were no further shares available for grant under the 2023 Restricted Share Incentive Scheme, the 2023 Restricted Share Incentive Scheme was terminated by our Company on March 18, 2026.

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, the Controlling Shareholders Group was able to exercise approximately 55.77% voting rights in our Company. For details regarding the Controlling Shareholders, see "— Relationship with our Controlling Shareholders Group."

OUR A SHARE LISTING AND REASONS FOR THE PROPOSED [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since 2022, our Company has been listed on the Shanghai Stock Exchange STAR Market. As of the Latest Practicable Date, our Directors confirmed that we had no instances of any material non-compliance with the applicable rules of the Shanghai Stock Exchange STAR Market and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there are no material matters that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisor is of the view that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of any material non-compliance with the applicable rules of the Shanghai Stock Exchange STAR Market and other applicable PRC securities laws and regulations. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange STAR Market.

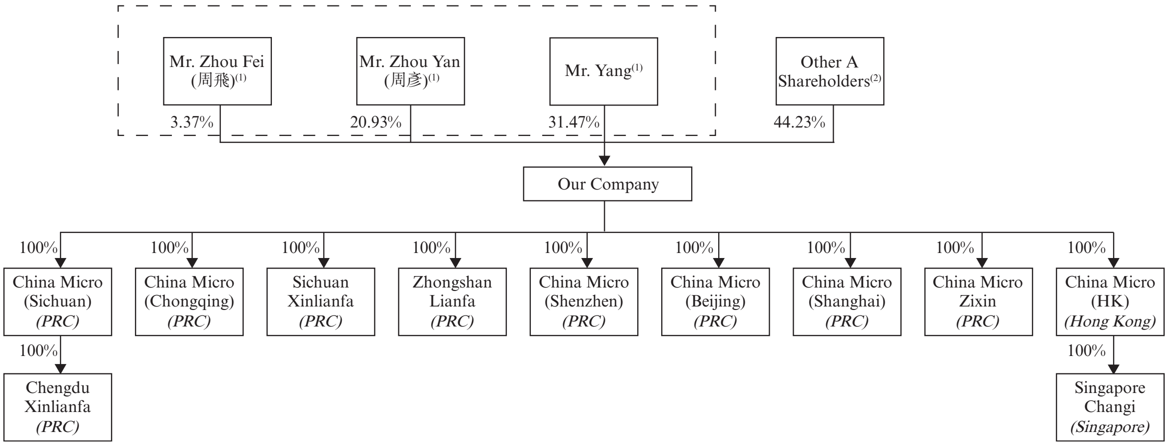
Our Company seeks to be [REDACTED] on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, provide an additional fundraising platform for our Company should the need arise, further strengthen our business profile and market position in the industry, and better attract overseas investors and talents. See "Business — Our Strategies" and "Future Plans and [REDACTED]" for more details.

[REDACTED]

[REDACTED]

OUR SHAREHOLDING AND CORPORATE STRUCTURE

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

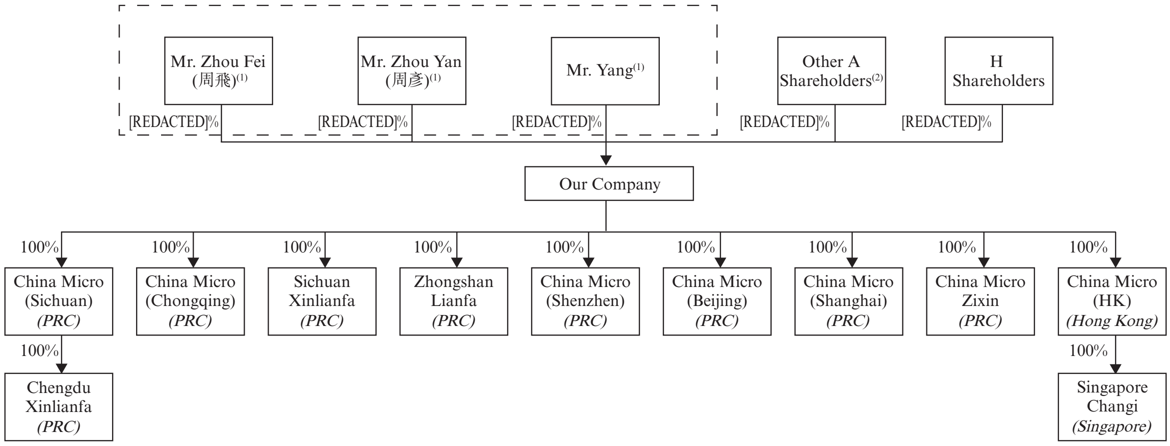


Notes:

(1) Mr. Yang, Mr. Zhou Yan (周彥), and Mr. Zhou Fei (周飛) constitute our Controlling Shareholders Group pursuant to the Acting-in Concert Agreement. For further details, please refer to the Section headed "Relationship with Our Controlling Shareholders" to this document.

(2) None of such A Shareholders held more than 5% interest in our Company as of the Latest Practicable Date.

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



Notes (1) to (2): Please refer to the details on the preceding page.