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OVERVIEW

Who We Are

We are a leading intelligent control solutions provider in China, specializing in the design and delivery of integrated circuit chips, with microcontroller units (“MCU”) at the core of our offerings. Leveraging domain expertise and a focus on practical technological advancement, we empower a wide range of applications with high-performance, energy-efficient, and cost-effective intelligent control solutions. According to Frost & Sullivan, we were among the earliest domestic players to independently develop and design MCUs. Our first-mover advantage and relentless innovation have kept us in an industry-leading position. In 2024, we ranked first in China’s MCU industry in terms of shipment volume and third in terms of revenue.

Building on our strengths in MCU design and development, we have extended our offerings to include a broad range of system-on-chips (“SoC”) and application-specific integrated circuits (“ASIC”), enabling us to deliver one-stop intelligent control solutions that integrate chips, embedded algorithms, and technical support. These solutions power a wide array of downstream applications, including consumer electronics, smart household appliances, industrial control, and automotive electronics. During the Track Record Period, we generated revenue from the provision of MCU, SoC, and ASIC solutions, as well as the sale of other related products.

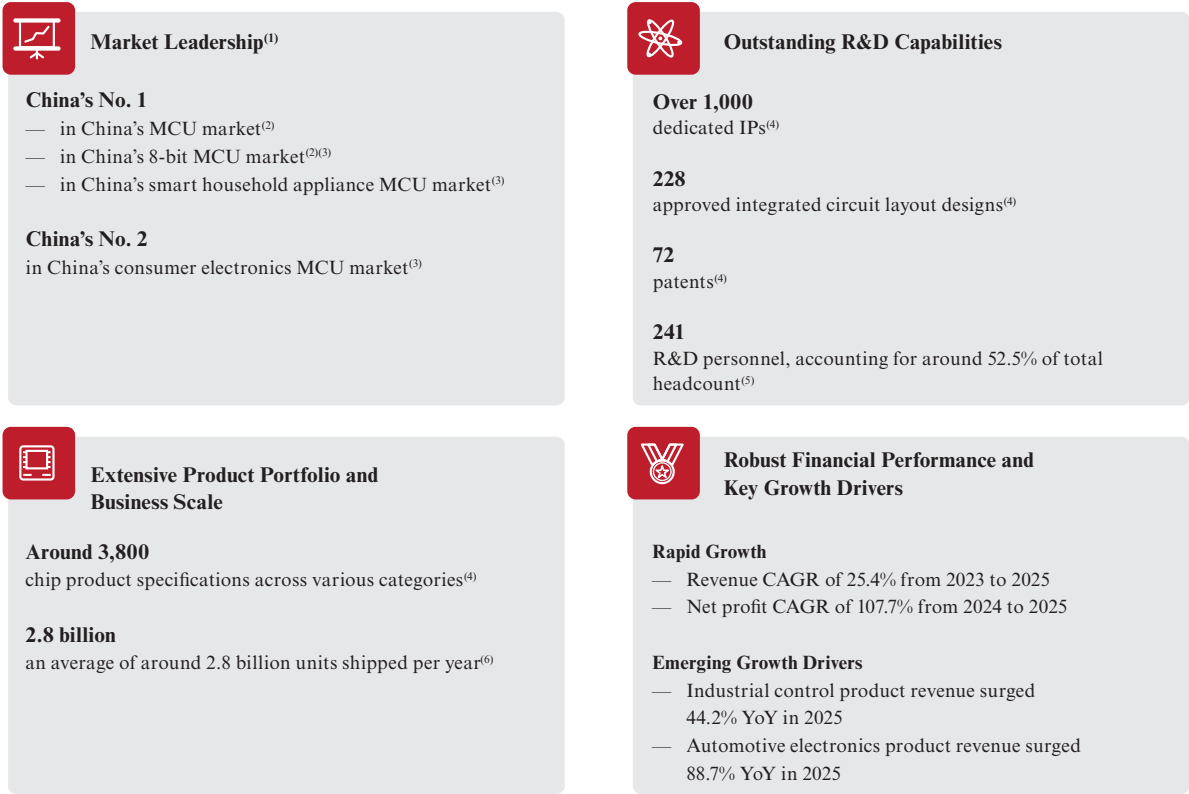
We have built strong competitive advantages across both general consumer and high-end application scenarios. In the general consumer segment, our MCU products hold a leading position in China’s consumer electronics and smart household appliance sectors. According to Frost & Sullivan, we ranked first and second in China’s MCU market for smart household appliances and consumer electronics, respectively, in terms of revenue in 2024. Capitalizing on this foundation, we have successfully expanded into high-end MCU applications, particularly in the fast-growing fields of industrial control and automotive electronics. In industrial control, we focus on brushless direct current motors (“BLDC”) solutions, while in the automotive electronics sector, we are developing advanced automotive-grade MCU products based on M4 and RISC-V architectures, which are widely used microcontroller platforms known for their high computing performance, energy efficiency, and scalability.

Underpinned by our deep insight into domestic customer needs, solid technological capabilities, well-established distribution channels, and proven operational track record, we have cultivated a diversified customer base. As of December 31, 2025, we had served over 1,000 customers in aggregate, including leading industry players, renowned consumer brands, and prominent automotive manufacturers, laying a strong foundation for future growth and market expansion.

Leveraging our deep technology stack and forward-looking market insights, we have also successfully expanded our business into emerging application areas such as AI, data centers, and robotics. We believe that cutting-edge technologies such as AI and robotics are poised to become key drivers of innovation and growth in the MCU industry. Looking ahead, we intend to continue investing in R&D to accelerate the penetration of our MCU products into these strategic frontier markets.

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The following chart illustrates our business highlights:



Notes:

- (1) for the year ended December 31, 2024
- (2) in terms of shipment volume in 2024
- (3) in terms of revenue in 2024
- (4) as of the Latest Practicable Date
- (5) as of December 31, 2025
- (6) during the Track Record Period

Our Solutions and Products

Drawing on decades of experience in chip design and development, we have adopted a scenario-driven and demand-oriented approach to product development. We possess a deep understanding of end-product use cases and design our solutions from the perspective of actual functional needs. By leveraging our integrated technical capabilities, from chip architecture design to peripheral circuit integration, we translate complex and diverse customer requirements into scalable, mass-producible intelligent control solutions, while avoiding unnecessary technical redundancy.

Building on this foundation, we have continuously expanded and enriched our product portfolio to serve a growing range of downstream application scenarios. Since our inception, we have embraced a development strategy that fosters a virtuous cycle, “application defines the chip, chip empowers the scenario,” enabling us to extend from our core strengths in consumer electronics and smart household appliances into verticals such as industrial control and automotive electronics. Guided by this strategy, we have built a comprehensive MCU product lineup and broadened our offerings into a diversified product matrix centered around our MCU capabilities. This includes SoC

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and ASIC solutions, as well as other related products, forming a complete intelligent control chip solution suite. The synergy between MCU and peripheral components allows us to deliver higher levels of integration and functionality.

As our product capabilities evolved, so has our role in the value chain. We have transformed from a chip design company into a one-stop intelligent control solutions provider, offering not just chips, but also embedded algorithms and application reference designs. This transition enables us to respond to increasing complexity and vertical specialization in smart control scenarios.

Our intelligent control solutions are built on a strong technological foundation encompassing reliable MCU technologies, high-performance touch and sensing, motor drive and positioning, low power consumption, CSP MOSFETs, inverter IGBT, and automotive-grade MCU capabilities. These technologies are widely applied across our product lines, supporting our core value proposition of high reliability, performance, and energy efficiency.

To enable rapid and efficient product development, we have established a modular chip development platform integrating over 1,000 self-developed IP modules. This platform allows for structured, reusable design across different use cases, enabling fast delivery of personalized solutions while maintaining cost efficiency through shared IP reuse.

Across our core verticals, consumer electronics, smart household appliances, industrial control, and automotive electronics, this comprehensive, solution-oriented model significantly enhances customer experience. It simplifies the design process, shortens development cycles, and reduces total system cost, strengthening customer stickiness and reinforcing our position as a value-added technology partner.

Our Business Model

Since our inception, we have focused on the design, R&D and sales of intelligent control chips, spanning MCUs, SoCs and ASICs and other related products. We primarily offer MCU, SoC and ASIC products, integrated with embedded algorithms and supporting software to deliver one-stop intelligent control solutions. In addition, we provide other related products such as development tools, enabling customers to seamlessly integrate our solutions into their end-products and accelerate their time-to-market. Operating under a fabless business model, we concentrate our resources on IC design, platform development and market-driven innovation, while partnering with leading foundries and outsourced semiconductor assembly and test (“OSAT”) providers to transform our designs into high-quality, scalable products.

During the Track Record Period, we primarily generated revenue from the provision of MCU, SoC, and ASIC solutions. Our full product matrix and underlying technological capabilities are set out below.

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Our Technologies and Research and Development

We focus on in-house R&D of core technologies, complemented by the selective introduction of mature licensed IPs to enhance our technical capabilities and the overall performance of our products. As of the Latest Practicable Date, we had developed approximately 17 key manufacturing technologies for our semiconductor products, which enhance their reliability, energy efficiency, and cost-effectiveness.

We have established a strong R&D team. As of December 31, 2025, our R&D team comprised 241 experienced technical professionals, accounting for 52.5% of our total headcount. Many of our R&D personnel are seasoned semiconductor engineers with deep expertise in technology and materials innovation. For details, see “— Research and Development.”

Our Operational Achievements and Financial Performance

During the Track Record Period, we achieved annual shipments an average of approximately 2.8 billion units per year. As of December 31, 2025, we had served over 1,000 customers in aggregate across a wide range of application scenarios. This scale reflects the maturity of our solution framework and reinforces customer trust in our technology and delivery capabilities.

Our proven delivery capabilities, strong customer retention, and integration across our operations and partnerships provide a solid foundation for continued expansion. Our customer retention rate remained strong at 63.5%, 73.2% and 82.8% in 2023, 2024 and 2025, respectively.

Fueled by a solid customer base, ongoing product innovation, and continued technological advancement, we achieved steady revenue growth and a resilient profit profile during the Track Record Period. Our revenue increased by 27.8% from RMB713.6 million in 2023 to RMB911.7 million in 2024, and further rose to RMB1,122.2 million in 2025. Despite recording a net loss in 2023, we achieved net profit of RMB136.8 million and RMB284.2 million in 2024 and 2025, respectively.

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Our Market Opportunities

Amid the global wave of digital transformation and intelligent automation, MCUs, as the core of embedded smart control systems, are poised to benefit significantly from the rapid expansion of downstream applications. According to Frost & Sullivan, the global MCU market has maintained steady growth and is projected to continue expanding in the coming years, driven by increasing demand for intelligent and connected devices.

China stands out as the largest and most dynamic MCU application market globally, with strong demand from consumer electronics, automotive electronics and industrial control, alongside fast-growing emerging fields such as AI and robotics. This market landscape supports not only high production volumes but also the continuous development of tailored solutions to meet diverse and evolving application scenarios. Such combination of scale and diversified use cases creates favorable conditions for iterative product upgrades, allowing chip designers to refine functions, optimize performance and enhance cost-effectiveness based on specific industry requirements and real-world feedback.

Downstream demand for MCU solutions is supported by several major application sectors, including consumer electronics and smart household appliances, automotive electronics and industrial control, as well as emerging applications such as AI edge computing and robotics. The increasing adoption of intelligent control functions and connected devices across these sectors is expected to continue driving demand for MCU solutions. For further details on the global and China MCU markets and its downstream application markets, see “Industry Overview — Overview of MCU Industry.”

With over two decades of deep industry cultivation, we have built an extensive customer base and a robust network of partnerships, underpinned by our deep understanding of customer needs, robust product portfolio, and stable partnerships across manufacturing and OSAT. These strengths enable us to fully leverage China’s strategic position to capture global growth opportunities.

To further capitalize on these opportunities, we have established a comprehensive capability framework encompassing R&D management, a diverse talent base, and collaborative innovation platforms. This includes a general-purpose chip design and development platform, a cross-product technology middleware, and a proprietary IP library, alongside strategic investments in AI, robotics, and other frontier technologies. These capabilities empower us to respond swiftly to evolving customer needs, reduce development time and cost through modular design, and accelerate our entry into high-growth verticals.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths can empower us to achieve sustainable growth.

A leading MCU-centric intelligent control solutions provider in China

We are a leading intelligent control solutions provider in China, with MCUs at the core of our product strategy. Powered by integrated technological capabilities and deep insight into application scenarios, we have established market leadership in consumer electronics and smart household appliances, while accelerating our expansion into higher-value sectors such as industrial control and automotive electronics. This diversified presence has shaped a comprehensive and scalable competitive edge across multiple downstream markets.

Guided by a “scenario-driven, demand-defined” product development strategy, we align our product development closely with real-world application needs. Instead of focusing solely on technical specifications, we prioritize functionality, performance, and adaptability required in specific use cases to drive design decisions, enabling faster iteration and stronger product-market fit. We provide one-stop intelligent control solutions that extend from chip design to underlying algorithms. Our product portfolio, anchored by MCUs, also includes a broad array of SoCs, ASICs and related passive components. Through holistic design that integrates top-level chip architecture,

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resource configuration, peripheral circuitry, and embedded algorithms, we ensure deep compatibility with end-application requirements and avoid redundant technology stacking. As of the Latest Practicable Date, we offered around 3,800 product specifications, empowering us to respond quickly to evolving customer needs across consumer electronics, smart household appliances, industrial control, and automotive electronics sectors.

According to Frost & Sullivan, we are among the earliest domestic companies to independently develop and design MCUs in China. In 2024, we ranked first in China’s MCU industry by shipment volume and third by revenue, reflecting the market’s broad recognition of our technological leadership and comprehensive capabilities.

Our competitive strength is most pronounced in consumer-facing markets. In consumer electronics, we ranked among the top two MCU suppliers by shipment volume for five consecutive years. Our market share rose from 6.0% in 2020 to 14.7% in 2024, with shipment volume increasing from 424.3 million units in 2020 to 1,377.2 million units in 2024, representing a CAGR of 34.2%, well above the industry’s 7.2% average growth rate. In smart household appliances, we maintained the top one position in terms of shipment volume over the past five years. Our market share increased from 8.9% in 2020 to 14.4% in 2024, with shipments growing from 286.2 million units in 2020 to 509.2 million units in 2024, representing a CAGR of 15.5%, outperforming the industry’s 2.4% average growth rate. These results underscore our strong execution and stickiness in the broad consumer space.

At the same time, we have expanded our offerings into two of the fastest-growing application verticals, namely, industrial control and automotive electronics, which are becoming new engines of our long-term growth. In industrial control, our revenue grew from RMB78.2 million in 2023 to RMB184.9 million in 2024, and further to RMB246.8 million in 2025, representing a CAGR of 77.7% from 2023 to 2025. In automotive electronics, our revenue rose from RMB22.5 million in 2023 to RMB28.3 million in 2024, and further to RMB53.4 million in 2025, at a CAGR of 54.3% from 2023 to 2025. These achievements further extend our application footprint and reinforce our position in high-growth segments.

Driven by our leadership in China’s MCU industry and our expanding application coverage, we have delivered robust growth throughout the Track Record Period. Our revenue increased from RMB713.6 million in 2023 to RMB911.7 million in 2024, and further to RMB1,122.2 million in 2025. With a proven track record of technological innovation, product scalability, and customer loyalty, we are well-positioned to capture the accelerating demand for MCU-centric intelligent control solutions in China and beyond.

Robust R&D resources and deep technological reserves forming a wide and defensible moat

We firmly believe that sustained R&D investment and deep technological accumulation form the foundation of long-term competitiveness. With over 20 years of dedicated experience in intelligent control, we have established a robust technological moat characterized by abundant R&D resources, comprehensive technical reserves, scalable development platforms, and significant cost advantages, all of which empower our continued expansion across application scenarios.

Our R&D strength stems from both talent pools and consistent capital investment. As of December 31, 2025, we had 241 experienced R&D personnel, representing 52.5% of our total workforce, with expertise spanning MCU chip design, analog circuitry, and embedded algorithms. During the Track Record Period, we incurred total R&D expenses of RMB372.2 million, accounting for 13.5% of our aggregated revenue during the years, far above the industry average. This long-standing commitment provides solid support for technology iteration and new product development.

Leveraging these investments, we have built a comprehensive IP portfolio and technical foundation around core intelligent control related IC design. We now possess independent design capabilities in mainstream MCU architectures, high-precision analog, motor control, radio

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frequency communication, high-performance touch technologies, and a broad range of embedded algorithms. As of the Latest Practicable Date, we had amassed over 1,000 proprietary IP modules, alongside 72 patents, 28 copyrights, and 228 layout design rights, covering the full spectrum from chip architecture to system-level applications.

Building on this solid foundation, we developed a modular chip development platform centered on our MCU architecture. This platform integrates more than 1,000 IP modules to enable structured, reusable, and highly configurable chip development. It allows us to quickly address personalized needs across downstream sectors, such as consumer electronics, smart household appliances, industrial control, and automotive electronics, while reducing marginal development costs. For example, motor control IP originally developed for industrial applications can be efficiently repurposed for smart home devices, or a proprietary control algorithm can be reused across multiple product lines for the same customer. This platform-based approach significantly reduces both development time and cost, resulting in a low-cost, high-efficiency innovation model.

In parallel, we have amassed a suite of proprietary, high-barrier core technologies through two decades of independent R&D. These include high-reliability MCU designs, high-performance touch sensing, precision analog circuits, motor drive chips and algorithms, ultra-low-power architectures, CSP MOSFETs, reverse-conducting IGBTs, and automotive-grade MCU technologies. These technologies are widely deployed across our product lines and endow our solutions with superior reliability, performance, and power efficiency. For instance, automotive-grade MCU designs meet stringent vehicle safety standards, while low-power innovations cater to consumer electronics with long battery life needs. These features form clear technical barriers that differentiate us from competitors.

Through this stepwise approach, from abundant R&D resources, to deep technical reserves, to a modularized development platform, and culminating in high-barrier proprietary technologies, we have built a self-reinforcing technical moat that delivers both agility in meeting market demand and structural advantages in cost and performance. This dual edge positions us strongly to scale across multiple verticals and sustain our competitive leadership over the long term.

Diversified product portfolio and broad application coverage

At the core of our product matrix is the MCU, around which we have developed a diversified portfolio that covers control, peripheral components, and embedded algorithms. Building upon our strengths in general-purpose MCUs, we have further expanded into niche segments such as industrial control MCUs and automotive-grade MCUs, achieving a wide array of MCU product coverage. Around the MCU's control functionality, we have extended upstream and downstream to integrate power, signal, and communication components, forming a complete offering of SoCs, ASICs, and foundational algorithms. As of the Latest Practicable Date, our portfolio comprised around 3,800 product specifications, enabling us to address the varying needs of customers across consumer electronics, smart household appliances, industrial control, and automotive electronics in terms of functionality, performance, cost-effectiveness, and configuration. Furthermore, by combining MCU, peripheral components, and embedded algorithms into unified offerings, we provide integrated solutions that significantly reduce the coordination burden of multi-vendor sourcing for customers and strengthen their stickiness to our solution framework.

In terms of application coverage, we follow a two-pronged expansion strategy of “consolidating traditional sectors and breaking into high-end segments” to achieve full-scenario penetration. In the early stages, we capitalized on our product advantages in consumer electronics and smart household appliances to establish a mature customer base and strong market recognition. With the continued transformation and upgrading of downstream industries, we have strategically expanded into high-growth sectors such as industrial control and automotive electronics. We have thus formed a balanced application landscape characterized by stable foundations in consumer electronics and smart household appliances and accelerated breakthroughs in industrial control and automotive electronics.

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Specifically, in consumer electronics, our products are widely adopted in smart wearables and home medical equipment. In smart household appliances, we are deeply embedded in the control systems of white goods and small appliances. In industrial control, we focus on motor drive, programmable logic controllers, and other core scenarios. In automotive electronics, we have entered critical areas such as in-vehicle control and sensor modules. This comprehensive industry coverage enables us not only to benefit from the growth momentum of multiple verticals but also to shield our overall business from demand fluctuations in any single market.

Importantly, our diversified product portfolio and broad application landscape reinforce each other through a two-way synergy. On one hand, our wide-ranging offerings provide strong technological support across verticals, for example, our motor drive IPs proven in industrial control can be rapidly redeployed in motor control for smart household appliances, reducing the cost of cross-sector expansion. On the other hand, application-side feedback drives continuous product refinement, for instance, the stringent reliability standards in automotive electronics have elevated the stability benchmarks of our general-purpose MCUs. This virtuous cycle of “product adapts to scenario, scenario refines product” accelerates our innovation pace and deepens scenario fit.

Taken together, our diversified product matrix and expansive application coverage serve not only as a growth engine but also as a strategic moat. This integrated model enables us to deepen customer engagement through full-solution offerings, mitigate macro and industry-specific volatility through portfolio resilience, and secure early entry into high-growth sectors, thereby fueling our long-term expansion and strengthening our competitive edge.

Deep customer engagement and an expansive customer landscape

We have cultivated a highly sticky and resilient customer landscape through a dual focus on “technology empowerment + tailored services.” By integrating proprietary technology platforms with scenario-specific support, we have formed long-standing relationships with leading players across consumer electronics, smart household appliances, industrial control, and automotive electronics. These deep collaborations form a cornerstone of our sustainable growth.

Leveraging over two decades of experience in chip design and modular platform development, we have established a co-creation model with customers built on scenario insight and solution customization. We work closely with end customers to identify critical pain points, such as motor control in household appliances or sensing modules in automotive electronics, delivering differentiated solutions that avoid unnecessary technical complexity. We also respond rapidly to evolving needs, such as high real-time performance in industrial control or ultra-low power consumption in consumer electronics. This agile, collaborative model has enabled us to gain deep trust and early involvement in the R&D cycles of leading customers, creating a virtuous cycle of “joint development — product iteration — deepened partnership.”

Our strong customer stickiness is underpinned by three key advantages. First, we offer integrated solutions that require customer-side system validation and tuning, resulting in high switching costs in terms of both time and resources. Second, our long-standing collaboration with reliable manufacturing and packaging partners ensures stable supply and delivery capabilities, even during industry volatility. Third, our in-depth knowledge of downstream application trends allows us to anticipate customer needs, such as rising demand for high-performance automotive-grade MCUs, and quickly translate them into product solutions that help customers capture market opportunities ahead of competitors.

As of the Latest Practicable Date, we had maintained stable partnerships with leading customers across our key verticals. These enduring relationships not only provide recurring orders and revenue stability, but also serve as feedback loops for product innovation. For example, customer inputs have helped us improve the reliability standards of our automotive-grade MCUs and refine our motor control algorithms for appliance applications.

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In sum, this expansive customer landscape creates a strong foundation for mutual growth. By embedding our solutions deeply into customers’ products and development processes, we not only enhance customer retention but also elevate our role from a chip supplier to a strategic partner, reinforcing our competitive position across multiple end markets.

Stable and collaborative supply chain framework

As a fabless semiconductor company, we focus on chip design, R&D, and sales while leveraging a dual-track supply chain model that combines long-term partnerships with key suppliers and our own in-house capacity. This integrated approach balances supply chain stability with production flexibility, providing resilient manufacturing support for our continued growth.

On the external supplier side, we have built long-standing and stable collaborative relationships with leading wafer foundries and OSAT providers. Among them, our collaboration with one major wafer partner dates back to 2008, when we jointly launched one of the first domestically produced 8-bit MCU chips. Over time, the partnership expanded across their entire production lines. In 2021, we became one of the earliest adopters of their 12-inch wafer 90/55nm eFlash process and remain among the few customers capable of achieving mass production across their full process platform. This reflects both the technical depth and strategic stability of our collaboration. In parallel, we maintain a “multi-foundry, multi-process” sourcing strategy, allowing us to diversify capacity reserves and flexibly respond to growing demand across different application markets. Our scale, deep integration with supplier processes have enabled us to secure priority capacity allocation and jointly drive process optimization, reinforcing a mutually beneficial supply chain framework.

In addition, our substantial and stable procurement has positioned us as a strategically important customer to our major suppliers. Our wafer purchases from five largest wafer suppliers in each year of the Track Record Period amounted to RMB383.9 million, RMB332.6 million and RMB414.1 million in 2023, 2024 and 2025, respectively, while our packaging and testing purchases from five largest suppliers in each year of the Track Record Period amounted to RMB127.4 million, RMB156.0 million and RMB179.1 million during the same years, respectively. These sizeable and recurring orders not only secure us preferential access to production capacity during industry upcycles, but also allow us to collaborate closely with suppliers on process upgrades, forming a virtuous cycle of “demand driving capacity, capacity supporting demand.”

To complement external supply, we have established an in-house packaging and testing line. This line functions as a capacity adjustment facility that provides backup during short-term supply chain disruptions and supports immediate “package-and-test” needs for engineering batches of new products. By shortening the R&D and verification cycle, our internal line enhances time-to-market while strengthening supply resilience. This “external stability + internal flexibility” model ensures reliable delivery for mass production and improves responsiveness to sudden spikes in demand or R&D requirements, enhancing both our operational agility and our ability to withstand supply chain risks.

Through decades of accumulated supplier trust, large-scale procurement advantages, and the buffer of in-house capacity, we have built a supply chain framework that combines stability with flexibility. Beyond ensuring reliable production across market cycles, our collaborative approach with suppliers also enables us to jointly advance process innovation and product competitiveness. This integrated supply chain has become a critical competitive strength underpinning our sustainable growth.

Visionary and technically grounded management team driving sustainable growth

Our sustained development is underpinned by a visionary and technically proficient management team. The core management possesses a deep understanding of technological evolution and market dynamics in the integrated circuit industry, and excels at translating this insight into sound strategic direction. Backed by a capable and experienced R&D team, our management continues to drive long-term growth with clarity and conviction.

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Our founder, Mr. Yang Yong, brings decades of industry experience and robust technical expertise. Holding a master’s degree from Southeast University, Mr. Yang has accumulated extensive hands-on experience in chip design and product development. Since inception, he has played a pivotal role in shaping our technological roadmap and product strategies, from the early development of MCU core technologies to the later expansion into high-growth verticals such as industrial control and automotive electronics, further underpinned by our forward-looking R&D strategy focused on cutting-edge sectors such as AI and robotics. His foresight and decisive leadership have been instrumental in positioning us at the forefront of emerging opportunities.

Under the leadership of Mr. Yang and the senior management, we have built a strong technical team with domain expertise. Many of our lead engineers have over a decade of industry experience, and our senior R&D heads bring more than 20 years of specialized knowledge across mixed-signal IC design, analog chip development, system integration, and embedded application engineering. Their ability to tackle complex product development challenges and adapt technologies to real-world scenarios forms the backbone of our innovation capabilities.

To sustain this momentum, we have established a robust talent development system. We emphasize both the transfer of technical know-how and the growth of the next generation of engineers, cultivating a talent structure that is well-balanced, resilient, and primed for continuity. This ensures not only the timely execution of current R&D initiatives but also builds long-term strength for future breakthroughs and business expansion.

OUR BUSINESS STRATEGIES

We intend to leverage our existing strengths and carry out the following strategies to capture growing market opportunities, further solidify our market position and achieve our mission:

Strengthen R&D investment and drive breakthroughs across multiple technological frontiers

We view in-house research and development as the core engine of our long-term growth. We plan to further increase resource allocation toward product development and technological advancement. Through continuous iterations of core technologies and breakthroughs across multiple application domains, we aim to further enhance our R&D capabilities and solidify our market competitiveness.

Deepen product strength in core markets

In our two core advantage segments, smart household appliances and consumer electronics, we will continue to focus on the evolving needs of downstream customers. Leveraging our accumulated expertise in intelligent control solutions, we will intensify R&D investment in MCU product development. By benchmarking against the performance of both domestic and international peers, we will actively compete in the market and pursue continuous upgrades of our core technologies. These efforts are intended to maintain and strengthen our leading position in the smart household appliance and consumer electronics sectors.

Accelerate innovation in emerging and frontier fields

In parallel, we will pursue targeted innovations in high-growth verticals such as industrial control and automotive electronics, as well as in frontier areas including AI and robotics:

- *Industrial control*: We will center our R&D on motor drive control technologies, with dedicated project pipelines to accelerate commercialization and expand service coverage in this sector.
- *Automotive electronics*: Our focus will be on developing next-generation automotive-grade MCUs based on M4 and RISC-V architectures, featuring enhanced computing power and performance. These products will be designed to meet the stringent requirements of domain controller applications.

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- *AI and robotics*: We plan to expedite the development of high-performance, large-resource MCUs based on M4, M7, and RISC-V cores, tailored to meet the complex demands of cutting-edge applications in these domains.

By advancing R&D across both established and emerging fields, we seek to elevate our overall technological capabilities and build a solid foundation for sustained business expansion.

Broaden product portfolio and capture high-end application markets to enhance market share

We plan to pursue a dual-pronged strategy of “product line diversification” and “high-end application penetration,” with the goal of expanding our market share and reinforcing our competitive edge. This strategy encompasses both upstream product development and downstream application deployment, enabling us to address varied customer needs while positioning ourselves in high-value growth segments.

On the product development side, we will continue advancing our R&D roadmap centered around MCUs, expanding into a more diversified and synergistic product matrix. Vertically, we aim to enhance the breadth and performance of our MCU, SoC, ASIC, and embedded algorithm offerings. By integrating peripheral components such as power management, signal processing, and communication modules around the MCU core, we will create high-integration solutions that combine “chip + algorithm” for improved functionality and system-level value. Horizontally, we will deepen our customization capabilities, tailoring product configurations to fit specific customer application scenarios, from cost-sensitive smart household appliances to mission-critical industrial control and automotive electronics. This dual-direction approach enables us to deliver differentiated, end-to-end solutions across a range of price-performance requirements.

On the application side, we will pursue a tiered expansion strategy guided by the principles of “consolidating core segments, breaking through strategic verticals, and pre-positioning in emerging frontiers.”

First, we will reinforce our foundation in consumer electronics and smart household appliances. By continuously upgrading core product performance, including main control performance, integration, low power consumption, and reliability, we aim to further strengthen our technical leadership. We will also deepen cooperation with top-tier brands and explore integration of AIoT and intelligent interaction features, ultimately evolving our offerings from standalone chips into scenario-driven, integrated solutions. This will help consolidate and expand our market leadership in these segments.

Second, we will accelerate penetration into industrial control and automotive electronics, which serve as our key strategic growth pillars. In the automotive segment, we will focus on mass-producing automotive-grade MCUs, obtaining functional safety certifications, and upgrading high-reliability process nodes. In the industrial control segment, we will benchmark against global leaders while promoting domestic substitution. By offering differentiated solutions in these high-barrier markets, we aim to move up the value chain and establish our “second growth curve.”

Third, we will proactively invest in emerging segments such as AI and robotics. Anticipating growing demand for AI and robotics application areas, such as service robots, humanoid robotics, and AI-integrated devices, we are advancing early-stage R&D and technology reserves in this space. This forward-looking strategy is designed to capture emerging opportunities and secure a first-mover advantage in next-generation application scenarios.

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Enhance existing customer relationships, deepen key account engagement, and expand international footprint

We are executing a three-pronged customer development strategy focused on consolidating existing partnerships, penetrating high-value key accounts, and accelerating global expansion. Through refined service delivery and international market deployment, we aim to enhance customer stickiness and broaden our overall market coverage.

Building on our technological strength in intelligent control solutions, we intend to further enhance the depth and quality of cooperation with existing customers. By providing customized, scenario-based solutions and integrating “chip + algorithm + service” into a unified offering, we not only meet customers’ evolving needs with precision but also establish technological and service-driven switching costs. This strengthens customer loyalty and underpins the steady growth of our recurring business.

We will prioritize strategic engagement with leading players in each downstream segment. To this end, we are developing a tiered customer service model, allocating dedicated technical support teams to our most valuable customers and establishing fast-response mechanisms tailored to their needs. At the same time, we will enhance our supply chain agility to match the large-scale, high-reliability expectations of these customers. By shifting the collaboration model from “single-product delivery” to “full-lifecycle value co-creation,” we aim to increase the revenue contribution from top-tier accounts and secure deeper, more strategic partnerships.

We are also implementing a global development strategy to drive the next phase of growth. This includes intensifying our efforts in acquiring overseas customers and adapting our product offerings to align with regional application needs. Through this, we aim to bring our MCU and intelligent control solutions to international markets, expanding our global footprint and evolving from a domestically leading enterprise to a globally competitive brand.

Establish a global talent pool and enhance our R&D talent pipeline

We regard talent as the cornerstone of technological innovation and long-term growth. To support our ongoing development, we place a high priority on attracting top-tier professionals and systematically strengthening our R&D talent pipeline.

Going forward, we will establish a global recruitment and talent development framework, with a strategic focus on core areas such as chip design, underlying algorithm development, and automotive-grade technologies. We aim to attract high-end talent with deep technical expertise and international industry perspectives, thereby enhancing the overall strength and professionalism of our core R&D team.

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We will continue to expand and optimize our talent pool through a dual-track mechanism combining internal development and external recruitment. Internally, we will foster the next generation of technical leaders by enhancing knowledge transfer, mentorship, and training systems, laying a strong foundation for a resilient talent ladder. Externally, we will actively tap into industry-wide talent networks to fill key positions with experienced professionals in critical technology areas.

By building a multi-tiered, full-spectrum talent structure, we aim to ensure both the stability and innovation capacity of our R&D function. This comprehensive approach to talent management will serve as a continuous driving force for the execution of our long-term strategic objectives.

Strengthen and expand our operations outside the PRC

We intend to strengthen and expand our operations outside the PRC to support our long term global development. As of the Latest Practicable Date, our overseas activities remain limited in scale and are primarily conducted through our office in Singapore. The employees stationed in Singapore include management staff, who are responsible for certain daily operational coordination relating to overseas matters, and R&D personnel, who primarily collaborate with our R&D team in the PRC on technical validation, testing support and research and development activities. The Singapore office does not engage in sales activities and does not operate as a revenue generating center. These operations provide a foundation for future expansion and help facilitate cross border R&D collaboration.

Looking ahead, we plan to establish our global operations and R&D centers in Hong Kong to serve as the core platform for expanding our international presence. Hong Kong’s strategic location, international business environment and established talent pool make it an attractive base for supporting our global strategy. The global operations center is expected to undertake functions including overseas business development, global marketing, customer service coordination and operational management relating to our international expansion. Through these activities, we aim to strengthen our responsiveness to overseas customer needs, enhance our brand visibility and build a more comprehensive overseas sales and service network.

In parallel, the R&D center in Hong Kong will focus on forward looking research, product innovation and collaboration with research institutions and industry partners. The Hong Kong R&D center will complement our existing R&D teams in the PRC and Singapore and enable us to broaden our technological capabilities, attract high quality technical talent and accelerate the development of next generation products.

Selectively pursue strategic acquisitions

We believe that strategic acquisitions are effective methods to diversify our solution and product offerings and enhance our competitiveness. Therefore, we plan to actively pursue strategic collaborations with IC product providers along the industry value chain, including chip technology companies.

Moreover, we will closely monitor market trends and proactively seek suitable acquisition targets that can provide strategic benefits or synergies. Our preferred targets are chip design companies with strong technological capabilities, scalable business models, and high growth potential. In particular, we plan to explore opportunities in emerging sectors such as AI and robotics, which offer strong growth potential and opportunities for cross-sector integration and synergy. Strategic acquisitions in these areas will allow us to expand our product portfolio and downstream applications, extend our technological reach, and enhance our ability to capture future industry opportunities. In evaluating potential mergers, acquisitions, and investments, we intend to consider factors such as technology differentiation, market synergy, talent pool, and operational efficiency. We believe that by selectively pursuing strategic transactions, we can rapidly strengthen our technological foundation, accelerate market expansion, enhance customer offerings, and further solidify our competitive advantages in the IC market.

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OUR SOLUTIONS AND PRODUCTS

We strategically position ourselves as a chip-centric provider of intelligent control solutions. Guided by an “application-defined chip” philosophy, we design and develop our IC products based on the specific functional and performance requirements of target application scenarios. From the early stages of chip design, we embed key supporting components, including proprietary algorithms and motor control software, into our products, enabling us to offer highly integrated, one-stop intelligent control solutions. These scenario-specific solutions not only accelerate the commercialization of our customers’ end-products but also deliver significant technical advantages, including enhanced reliability, lower power consumption, and greater cost efficiency.

During the Track Record Period, we derived revenue primarily from the provision of solutions and products, as well as the sale of other related products. The table below sets forth a breakdown of our revenue by business line during the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Solutions and products						
MCU solutions	571,164	80.1	697,843	76.6	846,387	75.4
SoC solutions	91,190	12.8	185,085	20.3	241,030	21.5
ASIC solutions	32,280	4.5	24,048	2.6	31,489	2.8
Other related products ⁽¹⁾	15,219	2.1	3,676	0.4	1,887	0.2
Sub-total	709,853	99.5	910,652	99.9	1,120,793	99.9
Other products ⁽²⁾	1,223	0.2	1,003	0.1	1,357	0.1
Other services ⁽³⁾	2,494	0.3	—	—	—	—
Total	713,570	100.0	911,655	100.0	1,122,150	100.0

Notes:

- (1) Other related products primarily comprise development tools.
- (2) Other products primarily comprise the sales of scrap materials.
- (3) Other services primarily comprise technical support services.

Our solutions consist primarily of MCU, SoC and ASIC solutions, for which we offer a diverse product portfolio covering a wide range of MCUs, SoCs and ASICs. To a lesser extent, we also offer other related products such as development tools, which complement our solutions. Within each category, we offer products in multiple specifications to address distinct performance and functionality requirements across different application scenarios. While many of our products are designed for general purpose use, we also develop customer-oriented solutions that align with the unique goals and challenges of each customer. This breadth and flexibility enable us to serve a wide spectrum of downstream industries, including consumer electronics, smart household appliances, industrial control and automotive electronics.

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The table below sets forth our product portfolio layout in different application scenarios as of the Latest Practicable Date.

	Consumer electronics ⁽¹⁾	Smart household appliances	Industrial control	Automotive electronics
MCUs	✓	✓	✓	✓
SoCs	✓	✓	✓	—
ASICs	✓	✓	✓	—

Note:

- (1) In the consumer electronics sector, in addition to traditional application scenarios, we are also actively expanding into emerging areas such as AI and robotics.

The table below sets forth our sales volume and average selling price by product category during the years indicated.

	Year ended December 31,					
	2023	Average selling price ⁽¹⁾	2024	Average selling price ⁽¹⁾	2025	Average selling price ⁽¹⁾
	Sales volume (Unit' 000)	(RMB)	Sales volume (Unit' 000)	(RMB)	Sales volume (Unit' 000)	(RMB)
MCUs	1,417,561	0.40	1,908,191	0.37	3,374,022	0.25
SoCs	69,751	1.31	176,126	1.05	228,888	1.05
ASICs	295,369	0.11	310,968	0.08	420,214	0.07
Other related products ⁽²⁾	31,707	0.48	3,433	1.07	37,870	0.05
Total	1,814,388		2,398,718		4,060,994	

Notes:

- (1) Average selling price is calculated by dividing revenue by the corresponding sales volume during the same period.
- (2) Other related products primarily include development tools.

During the Track Record Period, the average selling prices of our MCU, SoC, and ASIC products declined steadily, primarily due to cost reductions, product iteration, and technical advancements.

On the cost and market front, our average unit inventory cost decreased by approximately 27.9% from 2023 to 2025. This was mainly driven by domestic foundries achieving scale in mid- to high-precision wafer production, as well as a broader industry shift toward local supply chains in response to overseas uncertainties. The resulting cost savings were reflected in lower selling prices. In addition, as we accelerated product upgrades, older products saw faster price erosion. To support this transition and improve inventory turnover, we launched a de-stocking strategy in 2023, including promotional sales, which increased sales volume while exerting downward pressure on average selling prices.

In line with Moore’s Law, which observes that the number of transistors on a chip doubles approximately every 18 to 24 months, advances in semiconductor integration have continued to reduce the wafer area required per chip, thereby enabling more chips to be produced from a single wafer. This improvement in manufacturing efficiency further lowered the wafer cost per unit, contributing to the continued decline in average selling prices across our core product lines.

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Furthermore, we observed dynamic shifts in both the revenue and sales volume mix across our key product categories during the Track Record Period. Such evolution was closely linked to broader market dynamics, customer procurement strategies, and our own efforts to refine product offerings, manage inventory levels, and maintain pricing flexibility.

From 2023 through 2024, downstream demand began to moderate amid inventory digestion by customers and overall market correction. In response, we launched a proactive destocking strategy in 2023 to accelerate turnover of legacy or high-inventory products, which boosted sales volume across our major products. In late 2024, market demand gradually recovered, and we began to ramp up shipments of newly launched products. In 2025, our 8-bit MCU, 32-bit MCU and 32-bit SoC shipments reached new highs compared to that in 2024. The increase in 8-bit MCU shipments was primarily driven by enhanced sales and marketing initiatives, which supported broader market penetration. The growth in 32-bit MCU and 32-bit SoC shipments was mainly attributable to the ramp-up of new products and increased customer adoption. However, 8-bit SoC and ASIC product segments experienced sales moderation, reflecting steady demand in their respective application markets.

MCU Solutions

An MCU, or microcontroller unit, is a compact, self-contained computer IC designed to control a specific task or device. It integrates a processor (central processing unit), memory for storing and running programs, built-in timers, input and output interfaces for connecting to sensors and controls, and communication ports. It can also convert signals between analog and digital formats. With its “small yet complete” design, an MCU is indispensable in scenarios requiring low cost, low power consumption, and customized control, making it one of the most in-demand chip types in the semiconductor industry. By combining all these functions into a single chip, an MCU can operate independently without additional components, making it ideal for managing targeted operations in consumer electronics, smart household appliances, automotive systems, and industrial control equipment.

We strategically focus on 8-bit and 32-bit MCUs, delivering a balance of performance, power efficiency, and cost-effectiveness. Renowned for their versatility and reliability, our MCUs power a wide spectrum of applications, from consumer electronics and smart household appliances to automotive systems and industrial controls. By leveraging these highly adaptable and dependable products, we have secured a strong foothold across multiple end markets, with a particularly dominant presence in consumer electronics. According to Frost & Sullivan, we ranked first in China’s MCU market by shipment volume in 2024, first in the 8-bit width MCU segment in terms of both revenue and shipments in 2024, and first in the smart household appliances MCU market in China in terms of revenue in 2024. The table below sets forth the key product specifications, features and advantages of certain core MCU products.

Core products	Product image	Product features and advantages	Primary applications
8-bit MCUs		Our 8-bit MCUs are designed to perform reliable control functions in a variety of devices. They support key features such as signal conversion, touch input, display control, and flexible connection options, enabling broad application adaptability. We supply these MCUs together with our self-developed evaluation kits, tools, and software, allowing customers to test and refine their designs more efficiently and accelerate product launch timelines.	(i) Smart household appliances: remote controls, display control panels for refrigerators and washing machines; (ii) Automotive electronics: car seat adjustments, various lights, ambient lighting control; (iii) Consumer electronics: toy control; and (iv) Industrial control: industrial weighing control.

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Core products	Product image	Product features and advantages	Primary applications
32-bit MCUs		Our 32-bit MCUs are built on a proven, industry-standard architecture that delivers the optimal balance of speed, efficiency, and flexibility. Serving as the “brain” of the device, they provide fast processing capabilities for demanding applications while maintaining low power consumption. With built-in analog components such as amplifiers and comparators, they reduce reliance on additional hardware. Depending on application needs, they offer ample memory, abundant connection pins, and flexible expandability, making them highly adaptable across a broad spectrum of devices and industries.	(i) Consumer electronics: drone electronic speed controllers; (ii) Smart household appliances: air conditioner outdoor units, and facial recognition for smart door locks; (iii) Industrial control: industrial fans, industrial pumps and power tools; and (iv) Automotive electronics: electronic tailgate, seat switch, UWB digital key and vehicle air conditioning.

The following table sets forth a breakdown of our revenue from provision of MCUs by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
8-bit MCUs	479,443	83.9	557,112	79.8	635,541	75.1
32-bit MCUs	91,721	16.1	140,731	20.2	210,846	24.9
Total	571,164	100.0	697,843	100.0	846,387	100.0

We deliver integrated MCU solutions by combining our MCU products with supporting algorithms, software, and technical services, enabling customers to streamline development and accelerate time-to-market with a one-stop solution.

For general-purpose MCU applications, we provide our customers a low-level hardware abstraction library, evaluation boards and kits, integrated development environments (“**IDEs**”), and mass production tools. Specifically, this low-level hardware abstraction library provides a set of universal application interfaces that ensure application portability across our diverse product series and enable customers to swiftly transition between product series. Evaluation boards and kits deliver foundational systems for product development applications. They facilitate customer assessment of performance parameters and product features, accelerating the adoption of our products. IDEs and mass production tools form the cornerstone of MCU applications, ensuring efficiency and stability throughout the customer’s development and manufacturing processes. We also provide the underlying algorithms and develop graphical interfaces to facilitate the development of touch-sensing MCUs for customers, meeting the high-performance requirements for waterproofing and resistance to electromagnetic interference in household appliances with a touch-sensing feature. Details of other algorithms and technical services combined in our solutions, see “— Core Algorithms and Technical Supports.”

SoC Solutions

SoC is a type of integrated circuit that combines all the key components of a complete computer system, such as processors, memory, communication modules, and peripheral interfaces, into a single chip. Combining both hardware and embedded software, an SoC delivers a “system-on-a-chip” solution that underpins many modern smart devices.

Unlike an MCU, which is built for a single control task, a SoC can integrate multiple processors, complex peripherals, and a full operating system to support multitasking and parallel processing. Compared with an ASIC, which is optimized for one dedicated function, SoC can

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incorporate ASIC modules alongside general-purpose processors, achieving a balance between customization and versatility. This adaptability makes SoCs ideal for complex applications such as mobile devices and automotive electronics.

Drawing on our technological expertise, we design SoCs that integrate both digital and analogue IP to support targeted functions such as motor control, wireless charging, measurement, wireless connectivity, high-voltage drives, electromagnetic heating, and battery management. Compared with traditional ICs, our SoCs are more compact and energy-efficient, while offering enhanced reliability and the flexibility to handle advanced, user-level applications.

The table below sets forth the key product specifications, features and advantages of certain core SoC products.

Core products	Product image	Product features and advantages	Primary applications
Motor control SoCs		Our motor control SoCs integrates innovative high-speed level-shifting circuits and high-performance signal processing circuits, reducing the need for external components and enabling more accurate motor current sensing. This significantly simplifies customer board layout. Additionally, our motor control SoCs, combined with our proprietary high-efficiency motor control algorithms, offer outstanding motor control and broad adaptability. Coupled with high-precision, high-speed measurement circuits, they not only achieve precise motor power control, but also provide the system with safety features.	Smart household appliances: hair dryer, water pump, power tools, vacuum cleaner, robotic vacuum cleaner, and electric two-wheeler
Measurement SoCs		Integrated with our proprietary 24-bit high-precision $\Sigma \Delta$ ADC, our measurement SoCs achieve an equivalent input noise as low as 30nVrms. This enables precise measurement of faint signals. Utilizing our specialized signal processing technology, our measurement SoCs demonstrate excellent resistance to radio frequency interference, ensuring stable and accurate measurements.	Consumer electronics: measurement for medical and personal care devices, such as body scales, body fat scales, and blood pressure monitors
Wireless SoCs		Our wireless SoCs integrate 2.4 GHz and Bluetooth modules for point-to-point communication and are broadly applied in smart household and lighting control products. This high-level integration streamlines IC design, reduces the bill of materials, and minimizes size and weight.	Industrial control: remote communication and control applications, such as remote meter reading, and various consumer, industrial control, and healthcare products controlled via mobile apps.

We provide integrated SoC solutions by combining our SoC products with supporting software, algorithms, and technical services, enabling customers to accelerate system development and improve efficiency across applications.

We have developed a range of algorithms for motor control SoC products, including algorithms for position sensor processing, sensorless position observation, modulation, weak magnetic field detection, sensorless square-wave commutation, parameter identification and noise cancellation, to enhance motor control precision. On the other hand, for measurement-oriented SoC products, we use low-noise, high-precision filtering algorithms to develop a graphical interface that allows our customers to easily interpret the useful information from analog-to-digital converter (“ADC”) sampling and enhance the accuracy of ADC small-signal sampling. Details of other algorithms and technical services combined in our solutions, see “— Core Algorithms and Technical Supports.”

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ASIC Solutions

An ASIC, or application-specific integrated circuit, is a type of chip custom-designed for a specific application or functional requirement. Unlike an MCU, which is a general-purpose chip, an ASIC is purpose-built to perform a particular function, such as processing a certain communication protocol, converting data from a specific type of sensor, or accelerating AI algorithm computations. Its design is aimed at achieving extreme optimization for a defined use case, whether in terms of performance, power consumption, chip size, or cost. They are best suited for scenarios where the functional requirements are clear, stable, and intended for large-scale production. ASICs are widely used in applications that demand strict customization in functionality, performance, or power efficiency, such as dedicated control chips in smart household devices, sensor fusion chips in autonomous driving, and specialized sensor interface chips in industrial control.

Leveraging our keen insight into market demand and in-depth research of downstream application scenarios, we develop purpose-built ASIC products tailored to specific functions and use cases. We offer a wide range of ASICs that support various tasks or applications, including high-precision ADCs, linear regulators, remote controls, touch controls, and display drivers. Set out below are illustrations of our core ASIC product series:



**High-precision 24-bit
sigma delta ADC series**



**Low-power airflow
detection series**

By pairing our ASIC products with tailored algorithms, software, and technical support, we provide end-to-end ASIC solutions that empower customers to simplify development, reduce integration effort, and speed up their product launch. Details of algorithms and technical services combined in our solutions, see “— Core Algorithms and Technical Supports.”

Other Related Products

While our primary focus during the Track Record Period was on digital and analog chips, we also generated a smaller portion of revenue from sale of other related products, primarily including development tools.

We provide a comprehensive suite of development tools, including simulation and programming tools. These tools allow customers to simulate and analyze electronic designs before creating prototypes, which helps them reduce development costs, shorten development cycles, and enhance the performance and reliability of electronic systems simultaneously. These tools consist of both hardware and software that are necessary for customers to perform secondary development on our control-type chips, such as writing customized code to enable specific functionalities.

Due to their general-purpose design and broad compatibility across product specifications, our development tools are typically purchased only once during a customer’s initial adoption of our chip products. Once acquired, the same set of tools can be reused for subsequent projects involving our chips, and therefore do not require repeated purchases. The separate and one-off nature of such purchases distinguishes them from our IC product sales and reflects their role as enabling instruments for customer-driven development, rather than bundled elements of our IC solutions.

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Core Algorithms and Technical Supports

To provide customers with comprehensive one-stop chip solutions, we have developed and bundled our core chip products with proprietary underlying algorithms and dedicated technical support. These algorithms and technical capabilities are deeply embedded into our chip architecture, forming integrated solutions that enable customers to shorten development cycles, reduce system integration costs, and accelerate the deployment of our chips in their end products.

The embedded algorithms and supporting software are functionally indispensable and not ancillary. These embedded elements are essential for enabling the chip to perform the intended intelligent control functions. Without them, customers would be required to develop core control logic and system integration frameworks independently, which is highly technical, time consuming and costly. Our embedded algorithms and software provide validated control strategies, communication protocols, motor control modules and reference designs that customers directly rely on, thereby significantly improving their development efficiency. For many application scenarios, the chip alone cannot achieve the desired performance without the integrated algorithms and embedded software specifically designed for that chip architecture.

Our current solution portfolio covers multiple functional domains. For example, our touch libraries deliver precise and responsive capacitive touch control for a wide range of consumer and industrial devices; our host control software enables intuitive system configuration, debugging, and performance monitoring; and our motor control algorithms optimize speed regulation, torque control, and energy efficiency for applications such as household appliances, power tools, and industrial control. In addition, we continue to expand our solution suite to address emerging market needs, such as advanced sensing, connectivity, and energy management, thereby enhancing the versatility and market applicability of our chip products.

Applications for Our Solutions and Products

Our solutions and products can be widely used in various application scenarios, including consumer electronics, smart household appliances, industrial control and automotive electronics. Based on the performance and reliability requirements of various application scenarios, we offer different selections of MCUs, SoCs and ASICs to meet their specific needs.

The following table sets forth the details of end products under each application scenarios:

Application Scenario	End Products
Consumer Electronics	Panorama cameras, smart door locks, handheld stabilizers, mobile power banks, Bluetooth earphones, e-cigarettes wireless chargers, blood pressure monitors, oximeters, infrared thermometers, electric scooters, drones, beauty devices, electric toothbrushes, shavers, hair clippers, positioning devices, light dimmers, lighters, toys
Smart Household Appliances	Air conditioners, refrigerators, washing machines, kitchen and bathroom appliances (including range hoods, integrated stoves dishwashers, sterilizers, water heaters, and smart toilet seats), small kitchen appliances (such as rice cookers, air fryers, health pots, wall-mounted ovens, microwave ovens, blenders), lifestyle appliances (such as water purifiers, air purifiers, fans, heaters, dehumidifiers, coffee machines), cleaning appliances (including robotic vacuum cleaners, floor sweepers, air purifiers), smart home devices (smart switches, smart lighting)
Industrial Control	Industrial fans, industrial systems, power tools, automation devices, smart water meters, smart electric meters, smart gas meters, OA printers, industrial robots

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Automotive Electronics

Automotive lighting (headlamps taillights, ambient lights, reading lights), automotive windows and sunroofs, power tailgates, seat control switches, intelligent gateways, HVAC control, tire pressure monitoring, magnetic levitation systems, water pumps, ultrasonic radars, CAN-BOX, DC/DC converters, UWB digital key systems, QQS/AQI sensors digital dashboard clusters, BCM controllers, drive-by-wire systems, intelligent air suspension, body control modules, and domain controllers

The table below sets forth a breakdown of our revenue generated from the provision of solutions and products by application scenario during the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Consumer electronics	310,706	43.8	359,457	39.5	466,682	41.6
Smart household appliances	298,535	42.0	337,972	37.1	353,838	31.6
Industrial control	78,156	11.0	184,905	20.3	246,829	22.0
Automotive electronics	22,456	3.2	28,318	3.1	53,444	4.8
Total	709,853	100.0	910,652	100.0	1,120,793	100.0

Consumer Electronics



Consumer electronics encompass electronic devices and related products designed for personal or household use, spanning everyday scenarios such as entertainment, daily living, communication, and health. Within this sector, MCUs are prized for their core advantages of low power consumption, high integration, cost efficiency, and robust control capabilities. They excel at system coordination and real-time control, serving as the essential “control chips” for a wide range of consumer electronics. In particular, our MCU products are deployed across an extensive array of consumer devices, including e-cigarettes, mobile power banks, true wireless earphone charging cases, power tools, wireless chargers, smart door locks, electronic scales, sensors, and other portable products.

With years of accumulated expertise and a proven track record, we have established ourselves among the foremost MCU suppliers in the consumer electronics industry. According to Frost & Sullivan, we ranked second in the PRC MCU market for consumer electronics by revenue in 2024, and also secured leading market shares in multiple subsectors, including e-cigarettes and wireless chargers.

In addition to the wide application of our MCU products, our SoC and ASIC chips are also used in various consumer electronics. SoCs are widely adopted in devices such as smartphones and smartwatches. By integrating multiple functions including computing, image processing, and

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communication into a single chip, SoCs significantly reduce device size and enhance overall system efficiency. ASICs, on the other hand, are typically designed to perform specific core functions aligned with particular application needs, such as graphics acceleration modules for game consoles. These application-specific designs help optimize performance for targeted scenarios while reducing power consumption and cost.

During the Track Record Period, our solutions and products were supplied to various leading consumer electronics manufacturers in the PRC. The consumer electronics sector consistently represented a significant revenue driver, contributing 43.8%, 39.5% and 41.6% of our revenue from provision of solutions and products in 2023, 2024 and 2025, respectively.

Smart Household Appliances



Smart household appliances combine traditional household appliances with advanced technologies such as the Internet of Things, sensors, and automated control. They are characterized by automatic sensing, intelligent decision-making, remote interaction, and energy-efficiency optimization, covering both major household appliances, such as smart air conditioners, and small household appliances, such as smart door locks.

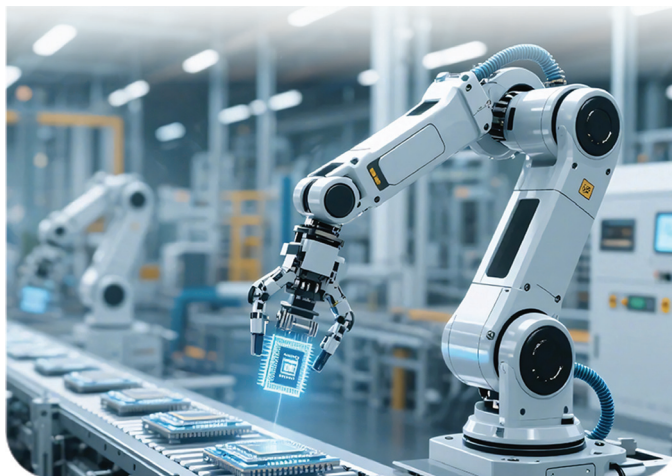
We entered this market through small household appliances and have since expanded into major household appliances. Today, our MCUs, SoCs and ASICs are used in a wide range of products, including air purifiers, air fryers, microwave ovens, smart speakers, water heaters, dishwashers, range hoods, air conditioners, refrigerators, and washing machines.

In particular, we are a leading player in the PRC smart household appliance MCU market. According to Frost & Sullivan, we ranked first in the PRC MCU market for smart household appliances by revenue in 2024. We were also, as of the Latest Practicable Date, one of the few integrated semiconductor solution providers in the PRC combining a motor control technology platform with a touch-sensing technology platform.

During the Track Record Period, we supplied our smart household appliance solution to various well-known manufacturers. The smart household appliance sector has been a significant revenue contributor, accounting for 42.0%, 37.1% and 31.6% of our revenue from provision of solutions and products in 2023, 2024 and 2025, respectively.

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Industrial Control



The industrial control sector is built on technologies that enable automation, precision, and intelligence in production, focusing on equipment control, process optimization, data monitoring, and decision-making to enhance efficiency, cut energy use, and ensure safety.

Our industrial control application covers BLDC MCU, SoC and ASIC solutions, enabling deployment across diverse applications such as motor control, instrumentation, power tools, and industrial robots.

During the Track Record Period, we supplied our industrial control solutions to various leading motor manufacturers. Revenue from the industrial control sector contributed 11.0%, 20.3% and 22.0% of our revenue from provision of solutions and products in 2023, 2024 and 2025, respectively.

Automotive Electronics



Our automotive-grade chips are offered in intergenerational product series, covering a broad spectrum of applications including body control, switches, lighting, thermal management, and sensors.

We offer a portfolio of automotive-grade products certified under the AEC-Q100 standard. Among them, our BAT32A series represents a significant advancement in the 32-bit MCU market. These MCUs are capable of stable operation across a wide temperature range from -40°C to 125°C ,

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meeting the stringent performance and environmental requirements of automotive applications. Our automotive-grade MCUs are characterized by wide-temperature tolerance, ultra-low power consumption and high resistance to electromagnetic interference. With a comprehensive product matrix, our customers are able to select products that suit the specific technical and functional needs of various automotive control systems.

To facilitate product integration and development, we provide a full suite of technical support, including software and hardware development kits, application documentation, turnkey reference designs and on-site technical assistance. Our automotive-grade chips are also compatible with the AUTOSAR standard platform, supporting customers in shortening their product development cycle and accelerating commercial deployment.

During the Track Record Period, we supplied automotive-grade solutions to nine well-known automotive manufacturers, as well as to 55 prominent automotive parts manufacturers. Revenue from the automotive sector contributed 3.2%, 3.1% and 4.8% of our revenue from provision of solutions and products in 2023, 2024 and 2025, respectively.

According to Frost & Sullivan, the PRC produced approximately 31 million automobiles in 2024, translating into a demand for about 48.1 billion chips and a market size of RMB166.8 billion. The market is expected to maintain steady growth, presenting us with ample opportunities to expand our footprint in the automotive semiconductor sector. Leveraging our proven capabilities and strong customer base, we aim to capture these growth opportunities and further strengthen our market position.

Future Development

We plan to increase investment in expanding the applications of our products in the automotive sector while consolidating our market leadership in consumer electronics and smart household appliances. In particular, we plan to increase the share of our products used in higher-value applications, such as air conditioners and refrigerators. From a technical perspective, our focus will be to (i) conduct R&D to achieve pin-to-pin compatibility across 8- and 32-bit MCUs and other hardware, thereby reducing customers’ switching costs; and (ii) develop modular solutions that enable customers to accelerate product development cycles.

OUR KEY TECHNOLOGIES

We possessed approximately 17 key technologies for manufacturing our semiconductor products as of the Latest Practicable Date. The table below provides an overview of key technologies:

Key technology	Technical characteristics	Origins and Ownership
Platform-level key technology		
High-reliability system architecture	This system architecture enables high-reliability reset and operation, and high-reliability flash data protection.	Self-developed; Proprietary
High-immunity memory module design	Such design ensures that the read/write circuitry of the storage module remains stable and reliable during abnormal power fluctuations.	Self-developed; Proprietary
Low-power system design	This design encompasses low-power power supply module design, low-power oscillator design, system design supporting low-latency direct data access, and distributed switch-controlled power supply system design.	Self-developed; Proprietary
Memory error correction code (“ECC”) verification	It uses ECC encoding and decoding to correct single-bit errors and detect double-bit errors, thereby enhancing memory reliability.	Self-developed; Proprietary

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Key technology	Technical characteristics	Origins and Ownership
Multi-power domain technology and multi-clock domain technology	It partitions multiple power and clock domains within the chip, enabling users to control the switching of power domains and the frequencies of clock domains flexibly, in order to balance performance and power consumption.	Self-developed; Proprietary
Program read protection technology	This technology allows read protection levels to be controlled via option bytes, offering three selectable levels of protection.	Self-developed; Proprietary
On-chip clock scanning technology	The use of on-chip phase-locked loop clocks to generate scan capture clocks reduces the amount of test equipment required, while also supporting AC scan testing based on the actual clock division configurations.	Self-developed; Proprietary
Scan chain compression and decompression technology	It addresses the challenges of testing complex chips, including excessive test data volumes, prolonged test durations and high testing costs.	Self-developed; Proprietary
Built-in burn-in/aging mode	This involves generating pseudo-random vectors via a linear feedback shift register for use in ageing tests through scan links.	Self-developed; Proprietary
Product-level key technology High-security level system design	This design complies with the ISO 26262 ASIL-B level, a globally recognized automotive functional safety standard. This ensures our products meet rigorous safety and reliability requirements for automotive applications.	Self-developed; Proprietary
High-precision delta-sigma ADC design technology	It enables 24-bit ADC, allowing for accurate and stable signal acquisition in scenarios with stringent sensor measurement requirements, such as industrial control and smart home devices. This supports precise data capture from a wide range of sensors, even in environments with high noise or low signal levels.	Self-developed; Proprietary
Chopper-based low-noise pin grid array (“PGA”) design technology	It has a low-noise PGA with extensive requirements for sensor measurement.	Self-developed; Proprietary
In-phase/quadrature method-based impedance measurement technology	It enables precise impedance measurement by analyzing both the in-phase and quadrature components of a signal, supporting accurate electrical characterization of sensors and biological tissues in applications such as smart healthcare and wearable devices.	Self-developed; Proprietary
Dual-ADC-based low-power electronic scale technology	It can enhance measurement resolution and accuracy while maintaining ultra-low power consumption, making it ideal for battery-powered electronic scales and weight-sensing applications.	Self-developed; Proprietary
High-immunity high-sensitivity touch detection technology	It enables accurate touch detection even in noisy environments or through thick or wet surfaces, balancing high sensitivity with strong resistance to electromagnetic interference.	Self-developed; Proprietary
Low-voltage half-bridge integrated power module	It integrates power devices and control logic into a compact half-bridge module that operates under low voltage, offering efficient and reliable motor drive solutions for applications such as small appliances and industrial equipment.	Self-developed; Proprietary

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Key technology	Technical characteristics	Origins and Ownership
Pyroelectric sensor weak signal acquisition technology	It enables the precise capture and processing of ultra-weak signals from pyroelectric sensors, enhancing sensitivity and accuracy in applications such as motion detection and infrared sensing.	Self-developed; Proprietary

RESEARCH AND DEVELOPMENT

R&D are fundamental to sustaining our market-leading position and driving long-term growth, enabling us to respond swiftly to the evolving requirements of downstream applications for our products. We focus on in-house R&D of core technologies, complemented by the selective introduction of mature licensed IPs to enhance our technical capabilities and the overall performance of our products.

As of December 31, 2025, we had a robust R&D team of 241 experienced technical professionals, representing 52.5% of our total headcount. Many of our R&D personnel are seasoned semiconductor engineers with deep expertise in technology and materials innovation. In 2023, 2024 and 2025, our research and development expenses amounted to RMB120.5 million, RMB127.5 million and RMB124.2 million, respectively, representing 16.9%, 14.0% and 11.1% of our total revenue in the respective years, underscoring our strong commitment to technological advancement.

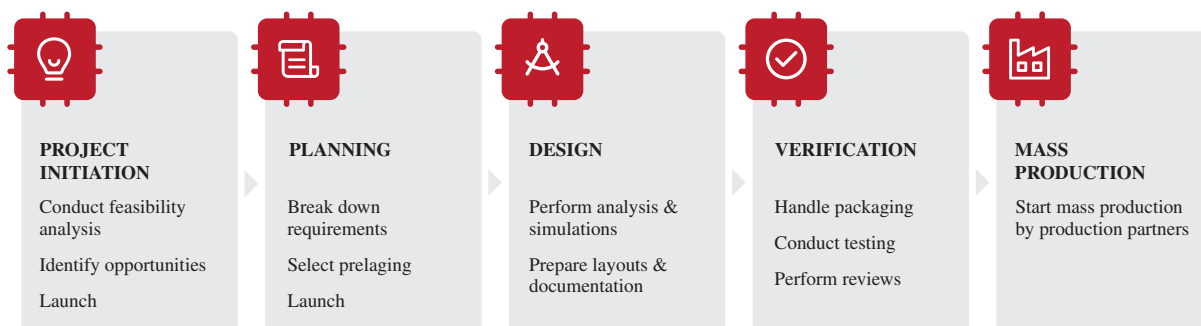
In addition to our in-house R&D capabilities, during the Track Record Period we established collaborations with leading universities. As part of our collaboration, we have established joint laboratories with these partner universities, which are used for carrying out R&D programs on AI chips and digital radio frequency ICs, respectively. These partnerships grant us direct access to cutting-edge industry developments and emerging technical challenges, while providing valuable insights into evolving market demands. Such engagement strengthens our ability to anticipate technological shifts and seize new market opportunities ahead of the curve. The salient terms of these collaboration agreements are set forth below:

- *Term:* Generally one to three years.
- *Principal rights and obligations:* Both parties will collaborate through a jointly established R&D team to address technical challenges. We propose specific R&D tasks for each phase based on our needs, while the partner university provides dedicated R&D personnel to work continuously on the laboratory’s projects.
- *Research plan and costs:* The parties will jointly formulate a research plan. We typically bear all costs and expenses associated with the R&D activities under the agreement.
- *Intellectual property:* Unless otherwise agreed, research results and IP generated under the collaboration will be jointly owned, with each party free to use them without the other’s consent. Any transfer or licensing to third parties requires prior written consent from the other party, and related proceeds will be shared equally. IP developed independently by either party will be solely owned by that party.
- *Confidentiality:* Both parties must keep confidential all information related to the agreement’s performance, including any confidential information received from the other party.
- *Renewal and termination:* Agreements may be extended by mutual consent. Either party may terminate the agreement without cause by providing three months’ prior written notice.

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Our R&D Process

We follow a structured and disciplined approach to product development, with clearly defined stages and roles to ensure quality, efficiency, and innovation at every step. The following diagram illustrates the stages of our R&D process:



- **Project initiation.** We conduct a comprehensive feasibility study covering customer needs, competitive landscape, and key technologies. This allows us to assess market opportunities and potential returns. Once a project is deemed viable, our R&D team formally initiates it.
- **Planning.** System engineers break down product requirements into detailed specifications. IC engineers simulate core functions and parameters, while quality engineers prepare a quality assurance plan. After management approval, the project moves to the design stage.
- **Design.** We develop a design manual outlining responsibilities and resource allocation. IC engineers perform design failure mode and effects analysis, create digital and analog circuits, and verify them through simulations. Layout engineers prepare the physical design, quality teams select qualified suppliers, and test engineers create chip verification plans. Upon approval from management, the project proceeds to tape-out.
- **Verification.** Post-fabrication, wafers are packaged by OSAT partners and undergo multiple rounds of functional, reliability, and trial production tests. Following successful results and internal review, the project enters mass production.
- **Mass production.** Following our instructions, our foundry and OSAT partners ramp up production capacity to meet market demand.

INTELLECTUAL PROPERTY

As of Latest Practicable Date, we had a total of 72 patents (including 43 invention patents and 29 utility model patents), 15 registered trademarks, 28 copyright (including 27 software copyrights and one work copyright), 228 registered IC layout-designs and five domain names in the PRC, which were material to our business. See “Appendix VI — Statutory and General Information — Further Information about the Business of Our Company — 2. Intellectual Property Rights.”

We rely primarily on a combination of patents, trademarks, trade secrets, and unfair competition laws and contractual rights, such as confidentiality agreement, to protect our intellectual properties. We have implemented robust measures to protect our intellectual property. Our legal department diligently oversees our intellectual properties to ensure timely applications, renewals, and filings, as well as to navigate any relevant third-party intellectual properties.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any lawsuits or arbitrations, or received any notifications from third parties alleging infringement of their intellectual property or the sale of counterfeit products that could have a significant negative

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impact on our business. Furthermore, we had not encountered any adverse findings from government authorities regarding investigations or audits concerning infringement of third-party intellectual property or the sale of counterfeit products that could have a substantial adverse effect on our business.

Even though we have paid attention to protecting our intellectual property, we may still face certain risks relating to our intellectual property. See “Risk Factors — Risks Relating to Our Business and Industry — Our ability to compete could be materially harmed if we fail to adequately protect, maintain, or enforce our intellectual property rights.”

PRODUCTION

Our Fabless Model

We primarily adopt a fabless business model, under which we do not own or operate semiconductor fabrication or packaging facilities. Instead, we mainly engage reputable foundries for wafer fabrication and leading OSAT providers for IC packaging and testing (collectively, as “**Production Partners**”). To supplement this fabless model and support rapid product iteration, we deploy our self-owned production line located in Suining, Sichuan Province as discussed below for in-house packaging and testing.

This model enables us to focus our resources on IC design, platform development, and market-driven innovation, while leveraging the advanced manufacturing capabilities, process expertise, and scalability of our partners to ensure consistent product quality. The fabless approach also allows us to avoid the substantial capital investments, fixed operating costs, and operational risks associated with running fabrication and packaging facilities, thereby giving us greater agility to respond to technological advances and market changes. According to Frost & Sullivan, this model is in line with the semiconductor industry’s increasing specialization and division of labor, enabling companies like us to dedicate resources to design and R&D while outsourcing manufacturing to best-in-class partners.

As of the Latest Practicable Date, we maintained close collaboration with six foundry partners for wafer fabrication, primarily located in Shanghai and Wuxi in China, as well as in Singapore, and 20 OSAT partners for IC packaging and testing, primarily located in Tianshui, Wuxi, Shenzhen and Suining in China. Our collaboration with these partners is founded on long-standing business relationships and prevailing industry practices, rather than binding contractual commitments to accept all purchase orders. To support production stability and ensure timely delivery, we carry out periodic procurement planning and maintain rolling forecasts. We did not experience any material production capacity constraints from our production partners during the Track Record Period and up to the Latest Practicable Date.

Arrangements with Our Production Partners

Selection of Production Partners

We apply a rigorous and structured selection process when engaging Production Partners to ensure our manufacturing quality and reliability. Candidates are assessed against a comprehensive set of criteria, including:

- *Proven Track Record & Qualifications* — Established reputation and consistent performance in the semiconductor manufacturing industry with all required qualifications;
- *Technological Expertise* — Depth of process know-how, advanced manufacturing capabilities, and ability to support next-generation IC designs;
- *Quality Standards* — Product quality, robustness of quality control systems, and certifications that meet or exceed industry requirements;

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- *Cost Competitiveness* — Competitive pricing structures without compromising quality or delivery standards;
- *Reliability & Delivery* — Ability to meet stringent delivery timelines and maintain stable output under varying demand conditions;
- *Capacity & Scalability* — Adequate current production capacity and flexibility to scale in line with our growth trajectory;
- *Geographical Advantage & Logistics* — Location, supply-chain accessibility, and logistics efficiency for timely shipment and reduced transit risk; and
- *Compliance & Sustainability* — Adherence to applicable laws, export-control regulations, and environmental, social, and governance (“ESG”) practices.

We partner only with foundries and OSAT providers that meet these stringent requirements, which we believe safeguards the quality and reliability of our products while ensuring production stability and resilience.

Collaborations with Production Partners

The salient terms of the typical collaboration agreements with foundry partners are set forth below:

- *Pre-production arrangements:* We provide all required materials to our foundry partners and jointly confirm process technology and product specifications. Trial wafers are verified by us, with written analysis reports submitted before jointly finalizing production specifications.
- *Capacity planning and order placement:* Each year, we communicate with our foundry partners to establish indicative capacity planning for the following 12 months. Internally, we prepare rolling six-month shipment forecasts based on expected demand, and at the end of each month, we issue confirmed production orders for the upcoming month.
- *Production instructions:* Formal production instructions are issued to foundry partners via purchase orders under the cooperation agreement.
- *Production stages:* Wafer production typically progresses through trial production, risk trial, and mass production stages.
- *Delivery timelines:* The typical delivery lead time for wafer fabrication is approximately three to six months, depending on the process complexity and capacity availability.
- *Product acceptance and warranty:* Foundry partners warrant that delivered products are free from material and workmanship defects and meet delivery acceptance standards. Products are generally deemed accepted unless rejected in writing within 30 days of receipt.
- *Pricing mechanism:* The pricing of wafer fabrication is determined through commercial negotiations at the beginning of each year, taking into account our estimated annual production volumes and prevailing market rates within the industry.
- *Payment terms:* Wafer purchases are generally denominated in U.S. dollars and payable in full within 45 days upon delivery.
- *Terms:* Typically three years and may be automatically renewed for another year unless either party gives prior written notice of non-renewal.

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- *Termination:* In general, the agreement may be terminated by mutual consent or by either party if the other commits a material breach and fails to remedy it within 60 days of written notice.
- *Export control compliance:* Both parties shall comply with all applicable laws and regulations, including export and import control requirements, of the PRC, the U.S. and other relevant jurisdictions. No party shall export, re-export or transfer any products or technical information to restricted regions in violation of such laws.

The salient terms of the typical collaboration agreements with OSAT partners are set forth below:

- *Pre-production arrangements:* We provide all required materials to our OSAT partners and jointly confirm technical requirements and processing instructions.
- *Capacity planning and order placement:* We similarly submit rolling six-month packaging and testing demand forecasts on a monthly basis to allow them to prepare required packaging materials in advance. Daily production orders are then placed and closely monitored for progress and delivery status.
- *Delivery timelines:* The delivery timeline is generally around one month from order placement to final delivery.
- *Product acceptance and warranty:* OSAT partners shall process according to the mutually agreed-upon technical requirements and relevant quality standards. We are entitled to inspect each batch of products and return those that do not meet the relevant requirements or standards. OSAT partners are liable for compensating us for the cost of chips that do not meet such requirements or standards.
- *Pricing mechanism:* The pricing of OSAT services is determined through commercial negotiations at the beginning of each year, taking into account our estimated annual production volumes and prevailing market rates within the industry.
- *Payment terms:* We are typically required to make payments within one to two months upon the issuance of invoice.
- *Terms:* Typically one year to three years and may be automatically renewed for another year unless either party gives prior written notice of non-renewal.
- *Termination:* In general, the agreement may be terminated by mutual consent or by either party if the other commits a material breach and fails to remedy it within the notice period typically of 20 days.

Strategic Management of Production Partnerships

We maintain deep, long-standing relationships with a select group of trusted Production Partners that provide wafer fabrication, packaging and testing services. While our cooperation agreements generally feature automatic renewal provisions, continuation ultimately depends on the terms of the agreements and the parties’ mutual commitment, which exposes us to certain partnership-related risks. See “Risk Factors — Risks Relating to Our Business and Industry — We rely on third parties for IC fabrication, testing and packaging.”

To safeguard production stability and underpin our growth, we adopt a multi-pronged approach:

- *Diversified Partner Network* — We engage multiple qualified Production Partners for each production stage to ensure redundancy and flexibility in production allocation.

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- *Partner Pool Expansion* — We are expanding our pool of Production Partners, including enhancing collaboration with both domestic and international foundries and OSAT providers to broaden sourcing channels and mitigate potential supply constraints.
- *Performance Monitoring* — We rigorously track and evaluate partner performance across quality, delivery and capacity metrics to maintain high operational standards.
- *Proactive Collaboration Development* - We actively cultivate new partnerships to stay ahead of industry shifts and secure access to advanced manufacturing capabilities.
- *Contingency Planning* — We maintain contingency arrangements to enable swift production reallocation in the event of partner disruption.

Through these measures, we strengthen supply resilience, maintain manufacturing excellence, and ensure our capacity and quality remain aligned with evolving market demand and our long-term growth trajectory.

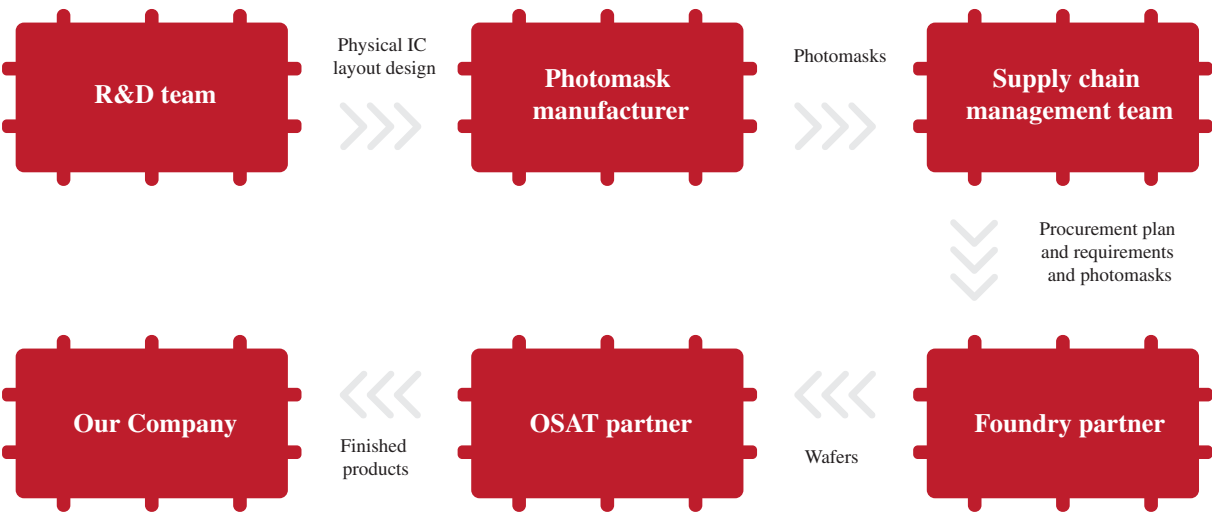
Production Process

During the Track Record Period, we followed a streamlined production workflow in close collaboration with our manufacturing partners. Once our internal R&D team completes the physical layout design of the IC, the design is sent to a photomask manufacturer to produce precision photomasks. Our supply chain management team then places wafer orders with selected foundry partners based on projected sales volumes and project requirements, while delivering the photomasks for wafer fabrication.

After fabrication, the foundry partners deliver the wafers, either directly to us or to our designated OSAT partners, depending on contractual arrangements. The OSAT partners then carry out IC packaging and testing strictly in accordance with our specifications. Upon completion, the finished products are sent to us for inspection and, once approved, are stored in our warehouses ready for shipment to customers.

This integrated process, from in-house design through outsourced wafer fabrication, packaging, and testing, allows us to maintain control over product quality and technical specifications while leveraging the manufacturing expertise of leading industry partners.

The following diagram illustrates our production process:



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Our Self-Owned Packaging and Testing Production Line

While we primarily operate under a fabless production model for large-scale manufacturing, outsourcing wafer fabrication, packaging, and testing to qualified foundry and OSAT partners, we have established our own packaging and testing production line in Suining, Sichuan (the “**Suining Production Line**”). The Suining Production Line is primarily responsible for (i) rapid packaging and testing of newly developed products, enabling faster time-to-market; (ii) performing specific types of packaging tasks that require more customized handling; and (iii) conducting final product testing for chips outsourced to packaging partners that do not possess in-house testing capabilities. Our Suining Production Line covers a gross floor area of approximately 3,000 sq.m. The table below sets forth the production capacity, production volume and utilization rates of Suining Production Line for the years indicated.

	Year ended December 31,								
	2023			2024			2025		
	Production capacity millions	Production volume millions	Utilization rate %	Production capacity millions	Production volume millions	Utilization rate %	Production capacity millions	Production volume millions	Utilization rate %
Packaging Production Line	120.0	87.1	72.6	120.0	90.5	75.4	120.0	89.9	74.9
Testing Production Line	1,000.0	681.0	68.1	1,200.0	767.0	63.9	1,200.0	791.0	65.9

Notes:

- (1) The production capacity for each period is calculated based on the hourly capacity and working hours, assuming 20 effective production hours per day, 26 days per month, and 11.5 months per year.
- (2) The production volume refers to equivalent wafer output for the relevant period. Equivalent wafer output is calculated based on total moves, average moves per wafer and yield rate.
- (3) The utilization rate during the year or period is calculated by dividing production volume by the production capacity for the same period.

Unlike outsourced facilities that handle the mass production of our commercialized products, the Suining Production Line is primarily dedicated to packaging and verification testing for newly developed products in engineering batches. For example, during the development of a new product, we utilized the Suining Production Line to package 500 chips from an engineering wafer batch and completed telecom parameter testing for each within 12 hours. The results were then promptly fed back to our R&D center to support design optimization. This in-house capability enables timely testing and verification of engineering batches of products, significantly shortening the cycle from R&D to commercialization while giving us direct control over packaging and testing parameters for new products to ensure quality and performance before scaling up.

It also functions as a supplementary and contingency testing channel, enhancing operational resilience and reducing reliance on external OSAT partners for time-sensitive projects. Furthermore, it provides the flexibility to run small-batch or experimental projects without disrupting the production schedules of our high-volume manufacturing partners, ensuring we remain agile, responsive, and well-positioned to capture emerging opportunities.

QUALITY CONTROL

We operate a comprehensive quality assurance system that embeds rigorous oversight across the entire product lifecycle, from material sourcing and production to after-sales service, ensuring that every product we deliver meets exacting standards. Our framework covers supplier qualifications, raw material inspections, in-process controls, finished product testing, personnel management, and customer feedback handling, supported by internationally recognized certifications. We also engage external experts to provide periodic training and guidance to our quality team.

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To ensure that these standards are effectively implemented, we maintained a 13-member quality control team as of December 31, 2025, many of whom were ISO 9001 and IATF 16949-certified internal auditors with extensive industry experience. We also enforce an employee conduct management system with clear reward-and-penalty measures, fostering strict compliance with operational protocols and maintaining consistently high work standards across production and quality control functions.

Our commitment to quality is further underpinned by internationally recognized certifications, including ISO 9001 quality management and ISO 26262 automotive functional safety process certification. The latter affirms our rigorous approach to functional safety management across the full chip lifecycle, encompassing risk identification through failure mode and effects analysis and the adoption of redundant design mechanisms to enhance safety and reliability.

Supply Chain and Warehousing Quality Control

Our quality control framework begins at the source. We operate a supplier admission system that approves only qualified suppliers, who are then subject to regular annual audits with strict timelines for rectifying any identified issues. See “— Our Suppliers — Supplier Selection and Management.” All incoming raw materials undergo IQC inspections, while in-process statistical process control monitoring, yield control, and defective item management are enforced throughout production. In our warehouses for materials and finished goods, we maintain strict temperature and humidity controls, supported by IT systems that manage shelf life and enforce first-in-first-out inventory management.

Production Quality Control

As a fabless company, we work with leading foundries and OSAT partners under quality assurance and yield assurance agreements. Foundry partners fabricate chips precisely to our designs, which then undergo circuit probing tests before being sent for packaging and testing. Packaging processes, including die cutting, wire bonding, and molding, ensure both functional performance and physical durability. Before delivery, final products are subjected to comprehensive functional and performance tests, ensuring alignment with our design specifications and safeguarding the high reliability that customers expect.

Product Returns and Warranty

We maintain open and proactive communication with customers after sales, responding swiftly to any quality concerns. Product warranties are tailored to each product line, and product returns or exchanges are accepted only under limited circumstances. Such cases primarily involve confirmed quality issues identified after delivery, or instances where the products are subsequently found to be incompatible with the customers’ intended application environments or usage scenarios. Such returns or exchanges are generally subject to review and approval on a case-by-case basis, in accordance with our customer service policies and contractual terms. We recorded product return of RMB3.2 million, RMB5.2 million and RMB1.3 million in 2023, 2024 and 2025, respectively.

We have established standardized procedures covering request logging, issue verification, root-cause analysis, corrective actions, and swift replacement or refund processing. For major quality issues that could affect safety or performance, we operate a product recall system to minimize customer impact and safeguard satisfaction.

To continuously improve our products and services, we conduct annual customer satisfaction surveys, using feedback to identify improvement areas and implement targeted corrective measures. This feedback loop not only reinforces our quality management framework but also strengthens long-term customer trust.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints relating to product quality, nor did we experience any material product recalls or qualified issues arising from product defects.

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INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory Management

Our inventories primarily comprise (i) raw materials, (ii) outsourced processing materials, (iii) work-in-progress, and (iv) finished products, namely packaged chips. The vast majority of our products are sold on an off-the-shelf basis. To support this sales model while effectively managing inventory levels across thousands of product specifications, we have established a systematic forecast-based inventory planning mechanism, supported by rolling forecasts and close collaboration across our sales department and Production Partners:

- *Wafer inventory planning:* We typically communicate with wafer foundries in the preceding year to forecast our total annual capacity needs for the upcoming year. On a monthly basis, our sales department provides a six-month rolling demand forecast, based on which we place wafer fabrication orders that align with each foundry’s specific process cycle and lead time.
- *Packaging and finished goods management:* For packaged finished products, the sales team provides a six-month rolling demand forecast to contract OSAT providers at the end of each month. Based on actual order details and current inventory levels, we issue specification-specific production orders for the subsequent month to ensure timely availability of finished goods.

We generally engage our Production Partners to manage wafers, work-in-progress inventory, and finished/semi-finished goods on our behalf. We perform monthly inventory counts and reconciliations with these partners to ensure accuracy and control.

To maintain competitiveness, align with evolving market demand and minimize obsolescence risks, we have implemented measures to optimize our inventory levels.

- *Material Receipt.* We implement meticulous material receipt procedures to verify both quality and quantity, ensuring that all incoming materials meet required specifications and are accurately recorded.
- *Material Storage.* Materials are then stored under optimal environmental and safety conditions, with periodic inventory checks and aging analyses to identify and address slow-moving or obsolete items.
- *Proactive Inventory Management.* Our proactive inventory management approach involves continuous monitoring of market trends and customer forecasts, enabling us to pre-stock strategic raw materials in anticipation of potential supply shortages. By closely aligning inventory levels with production schedules, we optimize capacity utilization, reduce holding costs, and safeguard against the risk of excess or obsolete stock.
- *Differentiated Procurement Strategy.* We adopt lifecycle-based wafer procurement strategies tailored to product maturity, customer specificity and sourcing channel.
 - For new in-house wafers, initial engineering batches follow foundry minimums, with small-scale production based on internal demand plans;
 - For mature general-purpose wafers, cyclical monthly stocking is executed based on inventory-to-sales ratios;
 - Customer-specific models are procured on a per-order or confirmed-demand basis;
 - Strategic procurement and ramp-up quantities are subject to internal approvals; and
 - For externally sourced wafers, similar policies apply as for in-house models, while stricter thresholds are imposed on new vendors or newly qualified designs.

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These measures form a comprehensive inventory control framework aimed at supporting sales fulfilment while effectively mitigating the risk of overstocking and impairment.

Warehousing

We operate a warehouse in Sichuan Province (“**Suining Warehouse**”), to support efficient storage and distribution of our products. The table below sets forth details of the Suining Warehouse as of the Latest Practicable Date:

<u>Warehouse</u>	<u>Location</u>	<u>Gross Floor Area</u>	<u>Inventory Type</u>	<u>Storage conditions</u>
Suining Warehouse	Suining, Sichuan Province	617 sq.m.	Semi-finished products and finished products	Temperature: 5° C to 30°C; Relative humidity: 25% to 60%

As of December 31, 2025, our warehouse operations were managed by a seven-member team. Raw materials and products that have passed quality inspection are transferred to our warehouses, where we enforce strict inventory management protocols. A dedicated warehouse management system tracks storage locations, inbound and outbound movements, and ensures accurate and timely stock updates.

To maintain operational discipline, we conduct monthly inventory counts. Safety and compliance are reinforced through a formal safety management policy, which mandates routine daily checks. Our warehouse is equipped with surveillance systems and fire safety installations, including fire extinguishers, hydrants, and fire doors.

Logistics

We engage qualified third-party logistics service providers to deliver finished goods from our warehouses to customer-designated locations. We set stringent transportation standards that these providers must adhere to, covering handling procedures and delivery timelines. Their performance and compliance are reviewed regularly to ensure reliability, efficiency, and product integrity throughout the delivery process. To the best of our knowledge, all such logistics service providers served during the Track Record Period were Independent Third Parties.

The salient terms of the typical logistics service agreements with logistics service providers are set forth below:

- *Services:* The logistics service provider offers us logistics services.
- *Term:* Typically one year to two years and shall be terminated unless prior written notice of renewal is given by either party at least 30 days before the agreement expires.
- *Payment terms:* We are obligated to pay the logistics service provider according to the agreed payment schedule. Typically, logistics service providers are entitled to late payment interest of 1% per day from the due date until the date of full payment.
- *Damage or loss:* If the recipient discovers that a consignment is damaged or lost upon receipt and inspection, they shall notify the delivery person on site. We shall then submit a written claim to the logistics service provider within two business days of receiving the consignment; otherwise, it will be deemed that no damage or loss occurred.

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- *Shipment value protection and compensation:* The logistics service provider offers an optional shipment value protection service. The insurance fee is primarily around 1‰ to 8‰ of the declared value of the consigned goods. Depending on whether the goods are fully insured, the logistics service provider will compensate us for the full or partial value of the goods if they are damaged or lost during delivery. For uninsured consignments, if the logistics service provider is at fault for any damage or loss, compensation will be based on the actual value of the consignment’s damage, up to a maximum compensation of several thousands of RMB.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of distributors and direct sales customers, which were located in the PRC. The end customers of our distributors primarily include consumer electronics manufacturing plants, smart household appliance manufacturers, industrial motor manufacturers and automobile manufacturers. In 2023, 2024 and 2025, revenue contributed by our five largest customers in each year during the Track Record Period amounted to RMB172.2 million, RMB225.0 million and RMB277.7 million, respectively, accounted for 24.1%, 24.7% and 24.8% of our total revenue in the same years, respectively. In 2023, 2024 and 2025, revenue contributed by our largest customer in each year during the Track Record Period amounted to RMB85.5 million, RMB105.0 million and RMB115.6 million, respectively, accounted for 12.0%, 11.5% and 10.3% of our total revenue in the same years, respectively.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers in each year during the Track Record Period were Independent Third Parties. To the best of our Directors’ knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers in each year as of the Latest Practicable Date.

During the Track Record Period, we did not have any material disputes with, nor did we receive any material complaints from, our customers.

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

Year ended December 31, 2025

Customer	Customer type	Type of product/ services sold	Purchase amount (RMB’000)	Percentage of total revenue (%)	Payment method	Credit term	Year of commencement of business relationship
Customer A ⁽¹⁾	Distributor	MCU, SoC, ASIC solutions and others	115,587	10.3%	Bank transfer	60 days	2019
Customer B ⁽²⁾	Distributor	MCU, SoC, ASIC solutions and others	47,176	4.2%	Note and bank transfer	45 days	2018
Customer C ⁽³⁾	Distributor	MCU, SoC, ASIC solutions and others	39,834	3.6%	Note and bank transfer	30 days	2021
Customer D ⁽⁴⁾	Distributor	MCU and SoC solutions and others	39,136	3.5%	Note and bank transfer	45 days	2022
Customer E ⁽⁵⁾	Distributor	MCU solutions and others	35,934	3.2%	Bank Transfer	30 days	2021
Total			277,667	24.8%			

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Year ended December 31, 2024

Customer	Customer type	Type of product/ services sold	Purchase amount (RMB'000)	Percentage of total revenue (%)	Payment method	Credit term	Year of commencement of business relationship
Customer A ⁽¹⁾	Distributor	MCU, SoC, ASIC solutions and others	105,001	11.5%	Bank transfer	60 days	2019
Customer B ⁽²⁾	Distributor	MCU, SoC, ASIC solutions and others	43,328	4.8%	Note and bank transfer	45 days	2018
Customer C ⁽³⁾	Distributor	MCU, SoC, ASIC solutions and others	31,894	3.5%	Note and bank transfer	30 days	2021
Customer F ⁽⁶⁾	Direct customer	MCU, SoC, ASIC solutions and others	25,675	2.8%	Note and bank transfer	30 days	2021
Customer G ⁽⁷⁾	Distributor	MCU and ASIC solutions and others	19,069	2.1%	Bank transfer	45 days	2022
Total			224,967	24.7%			

Year ended December 31, 2023

Customer	Customer type	Type of product/ services sold	Purchase amount (RMB'000)	Percentage of total revenue (%)	Payment method	Credit term	Year of commencement of business relationship
Customer A ⁽¹⁾	Distributor	MCU, SoC, ASIC solutions and others	85,534	12.0%	Bank transfer	60 days	2019
Customer B ⁽²⁾	Distributor	MCU, SoC, ASIC solutions and others	42,279	5.9%	Note and bank transfer	45 days	2018
Customer H ⁽⁸⁾	Distributor	MCU, SoC, ASIC solutions and others	15,566	2.2%	Note and bank transfer	60 days	2018
Customer I ⁽⁹⁾	Direct customer	MCU and ASIC solutions and others	14,477	2.0%	Note and bank transfer	60 days	2018
Customer J ⁽¹⁰⁾	Distributor	MCU, SoC, ASIC solutions and others	14,294	2.0%	Bank transfer	30 days	2020
Total			172,150	24.1%			

Notes:

- (1) Customer A is a Shenzhen-based semiconductor solution provider.
- (2) Customer B is a Foshan-based high-tech enterprise specializing in the research, development, production and sale of IC chips and electronic components.
- (3) Customer C is a Shenzhen-based company mainly engaged in sales of IC chips and related products.
- (4) Customer D is a Guangzhou-based company mainly engaged in the wholesale of electronic components, and the R&D of communication and automatic control technologies.
- (5) Customer E is a Wenzhou-based company mainly engaged in integrated circuit technology R&D, technical consulting in the electronics technology field, and manufacturing of related products.
- (6) Customer F is a Shenzhen-based company focusing on semiconductor distribution and technical service.
- (7) Customer G includes two Guangzhou-based industrial and automotive electronics semiconductor solutions providers controlled by the same individual.

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- (8) Customer H is a Hangzhou-based company mainly engaged in technical development, technical services, wholesale and retail of electronic products and household appliances,
- (9) Customer I is a Zhongshan-based company specializing in R&D and wholesale for electronic components and electrical accessories, as well as electronic technology development.
- (10) Customer J is a Shenzhen-based solution provider specializing in MCU application development, power supply design and motor drive design.

OUR SUPPLIERS

Supplier Selection and Management

During the Track Record Period, our suppliers mainly comprised (i) wafer foundries, (ii) OSAT providers offering packaging and testing services, and (iii) other vendors supplying accessories and equipment.

We consistently engage reputable suppliers to safeguard the quality and reliability of our products. Supplier selection follows a rigorous, multi-factor assessment process, taking into account their relevant certifications, product specifications or functions, product quality, delivery performance, financial stability, and cost competitiveness. See “— Production — Our Fabless Model — Arrangement with Our Production Partners — Selection of Production Partners.” We evaluate candidates through on-site inspections, documentation reviews, product evaluations, and performance assessments either from prior cooperation or during an initial trial period. Suppliers that meet our standards are added to the qualified supplier list maintained by our supply chain and quality centers.

Qualified suppliers are subject to periodic performance reviews to ensure continued compliance with our requirements. Any material non-compliance or significant quality issues trigger immediate reassessment, which may result in warnings, supply restrictions, or removal from the qualified supplier list.

We typically place purchase orders based on rolling demand forecasts extending up to 12 months, which may be updated from time to time with reference to historical demand trends, market dynamics, and our management team’s industry insights. For foundries and OSAT partners, we typically enter into collaboration agreements that set the overarching terms of collaboration, while issuing separate purchase orders to address specific product requirements under the collaboration agreements. For details of salient terms of collaboration agreements with production partners, see “— Production — Our Fabless Model — Arrangement with Our Production Partners — Collaborations with Production Partners.”

Our Major Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB511.3 million, RMB488.5 million and RMB618.9 million, respectively, accounted for 90.1%, 85.6% and 86.5% of our total purchases in the same years, respectively. In 2023, 2024 and 2025, purchases from our largest supplier in each year during the Track Record Period amounted to RMB265.4 million, RMB274.0 million and RMB388.1 million, respectively, accounted for 46.8%, 48.0% and 54.3% of our total purchases in the same years, respectively.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers in each year during the Track Record Period were Independent Third Parties. To the best of our Directors’ knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers in each year during the Track Record Period.

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

Year ended December 31, 2025

Supplier	Type of product/ services procured	Purchase amount (RMB'000)	Percentage of total purchase (%)	Payment method	Credit term	Year of commencement of business relationship
Supplier A ⁽¹⁾	Wafers	388,084	54.3%	Bank transfer	45 days	2008
Supplier B ⁽²⁾	IC packaging and testing services	129,063	18.1%	Note and bank transfer	60 days	2002
Supplier C ⁽³⁾	Wafers	39,692	5.6%	Bank transfer	30 days	2013
Supplier D ⁽⁴⁾	IC packaging and testing services	33,580	4.7%	Note and bank transfer	60 days	2018
Supplier E ⁽⁵⁾	IC packaging and testing services	28,483	4.0%	Note and bank transfer	60 days	2013
Total		618,902	86.5%			

Year ended December 31, 2024

Supplier	Type of product/ services procured	Purchase amount (RMB'000)	Percentage of total purchase (%)	Payment method	Credit term	Year of commencement of business relationship
Supplier A ⁽¹⁾	Wafers	274,012	48.0%	Bank transfer	45 days	2008
Supplier B ⁽²⁾	IC packaging and testing services	100,669	17.6%	Note and bank transfer	60 days	2002
Supplier C ⁽³⁾	Wafers	58,555	10.3%	Bank transfer	30 days	2013
Supplier D ⁽⁴⁾	IC packaging and testing services	28,847	5.1%	Note and bank transfer	30 days	2018
Supplier E ⁽⁵⁾	IC packaging and testing services	26,445	4.6%	Note and bank transfer	60 days	2013
Total		488,528	85.6%			

Year ended December 31, 2023

Supplier	Type of product/ services procured	Purchase amount (RMB'000)	Percentage of total purchase (%)	Payment method	Credit term	Year of commencement of business relationship
Supplier A ⁽¹⁾	Wafers	265,405	46.8%	Bank transfer	45 days	2008
Supplier C ⁽³⁾	Wafers	118,509	20.9%	Bank transfer	30 days	2013
Supplier B ⁽²⁾	IC packaging and testing services	90,360	15.9%	Note and bank transfer	60 days	2002
Supplier E ⁽⁵⁾	IC packaging and testing services	24,985	4.4%	Note and bank transfer	60 days	2013
Supplier D ⁽⁴⁾	IC packaging and testing services	12,059	2.1%	Note and bank transfer	30 days	2018
Total		511,318	90.1%			

Notes:

- (1) Supplier A is a foundry registered in Hong Kong that primarily offers semiconductor manufacturing services listed on the Stock Exchange and the Shanghai Stock Exchange STAR Market.
- (2) Supplier B is a Tianshui-based IC packaging and testing service provider listed on the Shenzhen Stock Exchange.
- (3) Supplier C is a Singapore subsidiary of a U.S.-based multinational full-service semiconductor design, development, fabrication and innovation company listed on the Nasdaq.

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- (4) Supplier D is a Wuxi-based company mainly engaged in researching, developing, producing, testing and packaging of large-scale integrated circuits and new-type electronic components and devices.
- (5) Supplier E is a Shenzhen-based IC packaging and testing service provider.

Reliance on Supplier A

During the Track Record Period, Supplier A consistently served as our largest supplier, delivering the majority of our foundry-manufactured wafers. Headquartered in Shanghai, Supplier A is a semiconductor foundry listed on both the Stock Exchange and the Shanghai Stock Exchange STAR Market, specializing in wafer fabrication services. We have maintained a stable partnership with Supplier A since 2008.

Our purchases from Supplier A amounted to RMB265.4 million, RMB274.0 million and RMB388.1 million in 2023, 2024 and 2025, respectively, representing 46.8%, 48.0% and 54.3% of our total purchases in the same years. According to Frost & Sullivan, Supplier A ranked sixth globally by wafer manufacturing revenue in 2024, with a market share of approximately 3.3%. It is common industry practice for IC design companies to procure most wafers from a limited number of trusted foundry partners to ensure consistent quality and centralized production management.

We believe our relationship with Supplier A is both stable and mutually beneficial. This assessment is supported by the fact that (i) our collaboration agreements with Supplier A have a three-year term and automatically renew upon expiry unless either party objects, (ii) we have enjoyed a longstanding cooperation of around 17 years, (iii) the partnership has remained free from material disputes, and (iv) the relationship is interdependent, with us relying on Supplier A for a consistent supply of high-quality wafers while contributing recurring orders and volume commitments as part of Supplier A’s diversified customer portfolio. On this basis, our Directors are of the view that it is unlikely that the relationship will materially adversely change or terminate.

Given our reliance on Supplier A, any termination, disruption or adverse change in our cooperation could materially interrupt our operations and business. See “Risk Factors — Risks Relating to Our Business and Industry — We rely on a single major wafer supplier for a substantial portion of our raw materials, and any adverse developments in our relationship with this supplier could materially and adversely affect our business, results of operations and financial condition.”

To strengthen supply security and flexibility, we expanded our procurement network during the Track Record Period to include various additional wafer manufacturers, primarily in the PRC. We are also aware of other potential suppliers capable of producing comparable products with certain variations in pricing and specifications under reasonable commercial conditions.

INTRA-GROUP TRANSACTIONS

During the Track Record Period and up to the Latest Practicable Date, we entered into various intra-group transactions involving the purchase and sale of raw materials, finished products, and services such as IC packaging and testing as well as R&D and technical support among our Company and subsidiaries. Our major intra-group transactions are summarized below:

(i) Transaction I: Our Company’s procurement of wafers through China Micro (HK), Singapore Changi and China Micro (Shanghai)

We primarily rely on imports for sourcing wafers, our core raw materials. In this transaction flow:

- Singapore Changi procures wafers from overseas third-party suppliers and resells them to China Micro (HK) at a price based on the original procurement cost plus a profit margin. China Micro (HK) then resells these wafers to our Company, applying an additional profit margin.

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- China Micro (HK) procures wafers from overseas third-party suppliers and resells them to our Company at a price based on the original procurement cost plus a profit margin.
- Separately, China Micro (Shanghai) procures wafers from domestic third-party suppliers and resells them to our Company at a price based on the original procurement cost plus a profit margin.

All wafers purchased via these channels are basically used in our outsourced manufacturing processes.

For Transaction I, we recorded intra-group transactions of RMB527.8 million, RMB398.4 million and RMB487.2 million in 2023, 2024 and 2025, respectively.

(ii) Transactions II: Our Company’s sales of finished products to China Micro (Sichuan) and Zhongshan Lianfa

Our Company procures wafers and engages third-party foundries and OSAT providers to process them into finished products. These finished products are primarily sold via the channels as below:

- sold to China Micro (Sichuan),
- partially sold to Zhongshan Lianfa.

The remaining finished products are sold directly to the third-party customers.

China Micro (Sichuan) and Zhongshan Lianfa then resell these products to their respective third-party customers after applying a profit margin on procurement cost.

For Transaction II, we recorded intra-group transactions of RMB465.1 million, RMB647.9 million and RMB834.3 million in 2023, 2024 and 2025, respectively.

(iii) Transaction III: IC packaging and testing services provided by Sichuan Xinlianfa to our Company

Sichuan Xinlianfa provides IC packaging and testing services exclusively to our Company through two independent production lines. Service fees are charged on a per-unit basis and benchmarked against prevailing market rates, aligning broadly with charges by third-party service providers.

For Transaction III, we recorded intra-group transactions of RMB29.1 million, RMB26.2 million and RMB28.9 million in 2023, 2024 and 2025, respectively.

(iv) Transactions IV and V: R&D and technical support services provided by China Micro (Beijing), China Micro (Shanghai), China Micro (Chongqing) and Singapore Changi to our Company and/or China Micro (Sichuan)

We adopt a modular R&D collaboration model, with geographically distributed teams led by different leaders across distinct technical domains. Specifically,

- China Micro (Beijing), China Micro (Shanghai), China Micro (Chongqing) and Singapore Changi have respective R&D teams that provide specialized R&D and technical support services to our Company and/or China Micro (Sichuan).
- Revenue from such services is based on a cost-plus model.

For Transaction IV and V, we recorded intra-group transactions of RMB33.6 million, RMB33.5 million and RMB63.8 million in 2023, 2024 and 2025, respectively.

For Transaction I, II, III, IV and V, our Directors further confirm that there had been no material change in the intra-group transactions since the end of Track Record Period and up to the Latest Practicable Date.

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The Organization for Economic Cooperation and Development (the “OECD”), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the “OECD Transfer Pricing Guidelines”), which are generally followed by the relevant tax jurisdictions involved in the related party transactions worldwide. Meanwhile, the tax authorities in mainland China, Hong Kong and Singapore published and implemented the relevant local transfer pricing laws and regulations, respectively. Accordingly, our intra-group transactions should be conducted in accordance with the arm’s-length principle.

We engaged an independent Transfer Pricing Tax Consultant, a qualified professional accounting firm, to assess whether our intra-group transactions were in compliance with the OECD Transfer Pricing Guidelines and relevant local transfer pricing laws and regulations.

The Transfer Pricing Tax Consultant noted that the profit levels of certain subsidiaries derived from the intra-group transactions fall within the interquartile range established by benchmarking analysis. For those subsidiaries whose profit levels fall outside the interquartile range, the Transfer Pricing Tax Consultant considered the deviations to be supported by commercial rationale. Our Group has filed corporate income tax and profits tax returns, including disclosures of related party transactions, with the competent tax authorities in mainland China, Hong Kong, and Singapore in accordance with applicable transfer pricing requirements. Having considered the above, the Transfer Pricing Tax Consultant is of the view that our Group’s transfer pricing arrangements of the major intra-group transactions are generally consistent with the arm’s length principle and comply with the relevant transfer pricing laws and regulations in these jurisdictions.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or audits by tax authorities in connection with these intra-group transactions. Following consultation with the Transfer Pricing Tax Consultant and based on management’s assessment, our Directors are of the view that during the Track Record Period, the transfer pricing transactions and arrangements were generally consistent with the arm’s length principle.

We have implemented below internal control policies and procedures relating to transfer pricing to ensure compliance with applicable regulations and guidelines, including:

- (i) Regular training: Our finance team and management team regularly participate in transfer pricing training sessions organized by tax authorities or professional firms to stay updated on regulatory requirements and best practices;
- (ii) Ongoing monitoring: We regularly review and monitor our intra-group pricing arrangements and update comparability analyses based on prevailing market conditions;
- (iii) Threshold management: We closely monitor the volume of intra-group transactions to ensure the timely preparation and submission of required documentation when thresholds are reached; and
- (iv) Internal review mechanism: All documentation required for submission to tax authorities is prepared by designated personnel and is subject to internal review and approval prior to submission.

SALES, MARKETING AND DISTRIBUTION

We market and sell our solutions and products through a combination of direct sales and authorized distributors. According to Frost & Sullivan, the use of distributors is consistent with industry practice in the semiconductor sector.

Under our dual-channel sales model, we adopt differentiated customer engagement strategies. Leading industry players and well-known customers are primarily served through our direct sales channel, enabling us to maintain close relationships, deliver tailored support, and gain valuable

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industry insights to inform product development and optimization. In contrast, we engaged distributors to cover a broader base of small- to medium-sized customers, leveraging their established networks and service capabilities to scale our market presence and efficiently meet the diverse needs of this segment.

The table below sets forth a breakdown of our revenue from provision of solutions and products by sales channel for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Distribution	400,708	56.4	520,780	57.2	782,272	69.8
Direct sales	309,145	43.6	389,872	42.8	338,521	30.2
Total	709,853	100.0	910,652	100.0	1,120,793	100.0

Our Distribution Channels

Overview

During the Track Record Period, we primarily marketed and sold our solutions and products through professional third-party distributors. Leveraging their expertise in logistics, marketing, and IC product sales, our distributors expand our market reach, connect us with downstream sales resources, and provide timely insights into market demand. This enables us to broaden our sales channels, strengthen market penetration, and maintain efficient access to a large and diverse customer base across industries, while streamlining our administrative efforts and enhancing financial flexibility.

We have a seller-buyer relationship with our distributors whereby the ownership of the product is transferred to our distributors upon product delivery. To the best of our knowledge, one distributor during the Track Record Period was controlled by our former employee. Revenue generated from this distributor represented 0.3%, 0.5% and 0.4% of our revenue in 2023, 2024 and 2025, respectively. Except for this, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. During the Track Record Period, we did not provide any material advance or financial assistance to our distributors. There were no other relationship or arrangement (family, business, financing, guarantee or otherwise) between our distributors and our Group, our Directors, Shareholders and senior management and their respective associates.

The following table sets forth the movement in the number of our distributors during the years indicated.

	Year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period	70	78	81
Number of distributors newly engaged	21	8	7
Number of distributors terminated	13	5	—
Number of distributors at the end of the period	78	81	88

We discontinued our partnership with 13 and five distributors in 2023 and 2024, respectively, primarily due to such distributors' sub-optimal performance, and/or alternation of their business plans. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with these departing distributors.

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Distributor Management

We adopt a rigorous process in selecting distributors, evaluating them across multiple dimensions: (i) general background, including qualifications, scope of operations, business scale, industry experience, distribution network, customer service standards, and sales and technical support capabilities; (ii) product synergy, assessing whether their other authorized products may conflict with ours or create synergies that enhance market appeal; (iii) solution integration, evaluating their ability to offer customers solutions that combine our products with others; and (iv) systematic management, ensuring they possess robust infrastructure such as customer relationship management systems and advanced sales data analytics. In accordance with our distributor management policies, sub-distribution is strictly prohibited. In deciding whether to continue our cooperation with a distributor, we take into account factors such as their historical sales performance, payment record, contractual compliance, and overall sales and marketing capabilities.

We believe our sales correspond to the actual customer demands and that our products are at a low risk of channel stuffing in our sales and distribution network. This assessment is based on the following factors: (i) we adopt a relatively stringent return policy for our distributors. We generally do not allow product returns from distributors; (ii) we maintain an arm’s-length seller-buyer relationship with our distributors. We typically do not impose minimum purchase requirements, sell-through targets or mandatory stocking levels. Distributors manage their own inventory levels based on their operational forecasts; and (iii) we hold regular meetings with our distributors to understand the latest sales progress and promotional efforts of our products, which allows us to closely monitor market performance, proactively identify potential issues, and provide timely support when necessary. During the Track Record Period, to the best knowledge of our Directors based on such ongoing communication, we did not identify any irregular build-up of distributor inventory, nor were we aware of any material amount of unsold inventory held by our distributors that would indicate channel stuffing risk. Furthermore, we have implemented internal control measures to identify potential channel stuffing. Our sales team maintains regular communication with distributors to understand their sales progress and market performance, which helps us identify any potential indications of inventory build-up. Where such behaviour is detected, our teams will reduce or suspend further deliveries to the relevant distributors.

Our distributors are generally granted non-exclusive rights to sell our product under framework agreements and sales agency agreements. While terms may vary based on individual negotiations, our agreements largely follow a standard template, typically including:

- *Term*: Usually up to three years, with automatic renewal upon expiry.
- *Purchase*: Amounts specified in purchase orders; however, exceptions may apply depending on the specific negotiation circumstances with certain distributors. During the Track Record Period and up to the Latest Practicable Date, we did not impose any minimum purchase requirement on our distributors.
- *Demand forecasts*: Demand forecasts are determined by mutual agreement between both parties on an annual basis.
- *Pricing*: Optimal selling prices set with reference to our internal pricing and prevailing market conditions.
- *Payment and credit term*: Distributors shall pay a certain amount of deposit or provide collateral to us within five working days from the date of signing the agreement, the specific amount of which shall be determined based on the credit limit and credit period; and we generally grant a credit period to our distributors of approximately 10 to 90 days.
- *Delivery of products*: We are responsible for delivering products to the locations specified in the orders to the distributors or designated receivers.

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- *Transfer of risks:* Risks are transferred to the distributors once products have been delivered by us to the agreed-upon location or recipient.
- *Product Return or Exchange:* Limited to quality-related issues, or where products are subject to infringement or misuse claims; this policy is consistent with industry norms according to Frost & Sullivan.
- *Termination:* We may terminate the agreement in the event of material breach.

To avoid cannibalization between our direct and distributor-led sales channels, as well as among distributors, we require our distributors to report to us before establishing business relationships with new end customers. If a distributor submits a request to cover an end customer already covered by the other distributor, we will not grant approval to such overlapping coverage. We also require our distributors to report the status of approved business opportunities regularly. This allows us to track the sales activities of our distributors, thereby mitigating risks associated with cannibalization.

To the best of our knowledge, there were no incidents of channel conflict or cannibalization between our direct sales and distributor sales during the Track Record Period. When multiple distributors approach the same customer, we adhere to the “first report” principle, which means that the distributor who initially report the contact with the customer to us will proceed with the transaction, unless the customer requests otherwise. However, a customer should only be assigned to one distributor at a time.

Our Direct Sales

We also sell our products directly to customers. Our sales and marketing department consisted of 35 members as of December 31, 2025. Under our direct sales model, we directly acquire new customers primarily through (i) customer referrals, (ii) attending activities, exhibitions and conferences, and (iii) direct marketing efforts.

We generally enter into framework agreements with our major customers, with actual price and volume specified in individual purchase orders. We adopt the same standard framework agreement template for both direct and distribution sales channels, with the terms of these agreements vary depending on the specific product or project and the result of our negotiation with each customer. These agreements generally contain the following terms:

- *Term:* Generally three years, automatically renewable for an additional three-year term upon expiry.
- *Pricing:* The selling price of our products will be separately agreed in the order placed by the customer.
- *Transfer of risks:* Risks are transferred to the customers when the products are accepted by them.
- *Payment and credit term:* Payment is due when customers confirm acceptance of our products. We generally grant a credit period to our direct sales customers of approximately 10 to 90 days.
- *Delivery of products:* We are generally responsible for delivering products to the locations and at the times as specified in the orders placed by our customers.
- *Product Return or Exchange:* Product return or exchange is limited to quality-related issues, or where products are subject to infringement or misuse claims.
- *Confidentiality:* These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our major customers.

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- *Termination:* A framework agreement may be terminated by mutual consent, or unilaterally in certain circumstances, such as an unremedied material breach, force majeure, or the bankruptcy of a party.

PRICING

The pricing of our solutions and products is influenced by a number of factors, including technological complexity, market conditions, and underlying cost structures. We primarily adhere to the following principles:

- (i) the cost-oriented principle: We adopt a cost-plus approach where pricing is based on a thorough assessment of development, production, and operational costs, including mainly R&D expenses, procurement of wafers and other materials, packaging and testing, labor and overhead;
- (ii) the market-oriented principle: We take into account prevailing market dynamics such as supply-demand balance, product maturity, demand trends in specific application scenarios, and customer segmentation;
- (iii) the competition-oriented principle: We benchmark our pricing against comparable products in the market and may adopt a premium pricing strategy for differentiated products or a follow-the-leader strategy in highly commoditized segments; and
- (iv) the strategic orientation principle: In certain cases, we adopt strategic pricing based on long-term corporate objectives. These include accelerating market penetration in emerging segments, strengthening our positioning as a technology leader, and promoting synergy within our product ecosystem.

In practice, our pricing decisions are made on a product-specific and customer-specific basis, balancing short-term commercial objectives with long-term strategic positioning.

COMPETITION

The global IC industry is marked by intense competition and high concentration among a few dominant players. In contrast, the PRC IC market is highly fragmented, with a large number of participants competing across diverse product segments, application scenarios, and tiers of customer demand. As a result, market participants must continuously innovate and differentiate to maintain their competitive positions. The IC design industry is also characterized by high barriers to entry. These include technological expertise in chip architecture and system integration, extensive R&D and engineering resources, accumulated intellectual property and proprietary tools, and long development and product qualification cycles. Once adopted, IC products tend to exhibit high customer stickiness due to the significant cost and time required for requalification. In addition, the ability to coordinate across the supply chain, including foundries, OSAT providers, and key material suppliers, is critical to maintaining delivery stability and cost control.

We face competition from both domestic and international IC design companies in various aspects, including product performance and quality, technological innovation, time-to-market, breadth of solution offerings, and ability to meet evolving customer expectations. In addition, factors such as brand reputation, customer relationships, pricing strategy, cost structure, and service capabilities also play a critical role in market differentiation. Industry competition is further intensified by the rapid evolution of downstream technologies and customer application requirements.

Against this backdrop, we distinguish ourselves through our emphasis on product stability and reliability, competitive pricing, proactive marketing and sales capabilities, and growing brand influence. According to Frost & Sullivan, we ranked third in China’s MCU market in 2024 in terms of revenue, with a market share of 1.2%, and first in the same market in terms of shipments, with a market share of 12.6%. These results reflect our ability to gain share through design-wins, customer

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recognition, and a diversified product portfolio. We believe our competitive advantages position us well to respond to the industry’s rapid innovation cycles and to evolving downstream demand. Our competitive strengths are highlighted in the paragraph headed “— Our Competitive Strengths” in this section.

DATA PRIVACY AND PROTECTION

In the course of our operations, we collect, store and process business and transaction data. As all our transactions are with enterprises, we do not collect or process personal data. The confidentiality, integrity and availability of this data are critical to our business. To mitigate security risks, we adopt a comprehensive protection framework incorporating advanced encryption, secure storage protocols and stringent transmission controls to safeguard sensitive information.

Access to confidential data is strictly controlled on a need-to-know basis, with permission granted according to employees’ roles and duties. Clear protocols govern the use, storage and sharing of corporate information, ensuring only authorized personnel can handle it for legitimate business purposes.

We also maintain a robust backup and disaster recovery system. Data is stored in multiple secure locations, both locally and remotely, with regular restoration tests to ensure reliability. Our remote disaster recovery protocol ensures that, in the event of technical failures, natural disasters or other emergencies, data can be restored quickly and business continuity maintained.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data breach or loss, nor were we subject to any material fines or administrative penalties imposed by PRC regulatory authorities for violations of data protection laws.

AWARDS AND RECOGNITION

Our leading market position and brand recognition are reflected in the numerous awards we have received. The following table sets forth a selection of the notable awards and recognition we received in recent years:

<u>Year of Award</u>	<u>Awards and Recognition</u>	<u>Issuing Authority/Institution</u>
2025	“Green Channel” Enterprises of Nanshan District (南山區“綠色通道”企業)	Shenzhen Nanshan District Government (深圳市南山區政府)
2025	HHGrace Outstanding Contribution Award 2024 (華虹宏力2024年度傑出貢獻獎)	HHGrace (華虹宏力)
2024	Excellent Ecological Chain Supplier Award of the Xiaomi 2023 Global Core Supplier Conference (2023小米全球核心供應商大會之生態鏈優秀供應商)	Xiaomi (小米)
2023	Leading Enterprise Award (領軍企業獎)	Shenzhen Semiconductor Industry Association (深圳市半導體行業協會)

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<u>Year of Award</u>	<u>Awards and Recognition</u>	<u>Issuing Authority/Institution</u>
2022 & 2025	National Specialized, Sophisticated, Differential, and Innovative SMEs (國家專精特新“小巨人”)	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
2022	Cutting-Edge Chip Award (前沿芯片獎)	China RISC-V (中國RISC-V產業聯盟)

EMPLOYEES

As of December 31, 2025, we had a total of 459 full-time employees. Among them, 450 of our employees were based in the PRC and nine of them were based in Singapore. Our employees based in Singapore primarily consist of management and R&D personnel. The management staff oversee daily operations, and R&D personnel primarily collaborate with our R&D team located in the PRC on research and development activities. Our Singapore subsidiary does not engage in any external sales of products or solutions. The table sets forth a breakdown of our employees by function as of December 31, 2025.

<u>Function</u>	<u>Number of employees</u>	<u>Percentage of Total Number</u> (%)
R&D	241	52.5
Production	90	19.6
Administrative	51	11.1
Supply chain	42	9.2
Sales and marketing	35	7.6
Total	459	100.0

Our success relies on our ability to attract, retain, and motivate qualified personnel. We employ various methods, such as campus recruitment, online recruitment, internal referrals, and collaborations with hunting firms or agents, to meet our diverse talent requirements. Our employees typically sign standard labor contracts with us. All key employees have also signed confidentiality agreements and are bound by non-compete agreements during their employment and for a period of up to two years afterward.

To maintain and enhance the knowledge and skill levels of our workforce, we provide our employees with internal trainings, including orientation programs for new employees and on-the-job training, improvement training and management training for existing employees. We also arrange post-training assessments to ensure the effectiveness of our internal training sessions.

Remuneration packages for our employees mainly comprise base salary and performance-based bonus. Performance targets of our employees are set primarily based on their position and department, and performance of our employees are reviewed periodically. Results of such reviews are later used in bonus awards and promotion appraisals.

During the Track Record Period, we made full contributions to mandatory social insurance and housing provident fund for our employees in accordance with relevant PRC laws and regulations. We believe we have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any strikes or labor disputes with our employees which have had or are likely to have a material effect on our business. As of the Latest Practicable Date, our employees were represented by a labor union.

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LICENSES, PERMITS AND APPROVALS

We are not required to obtain any material license or permits in conducting our business operations in China. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we obtained other licenses and permits required for our business operations in the PRC, such as business licenses of our PRC subsidiaries, and such business licenses remained in full effect.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. We currently do not maintain additional insurance policies such as business interruption insurance, key man life insurance, or insurance coverage for damages to our information technology systems, or properties. During the Track Record Period, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies.

Our Directors consider that our existing insurance coverage is in line with industry norm and is sufficient for our present operations. However, the risks related to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not completely cover the risks related to our business and operations.”

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we obtained land use right certificates for one parcel of land in Chengdu, Sichuan Province, with a total site area of approximately 10,731 sq.m., and owned six properties with an aggregate GFA of approximately 13,766 sq.m. These land parcel and properties are primarily used as our R&D facilities and office premises to support our business operations.

As of December 31, 2025, we had no owned property interest that forms part of our non-property activities that have a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules.

Our PRC Legal Advisor has confirmed that, as of the Latest Practicable Date, we had obtained the relevant real estate title certificates for the above land parcel and properties.

Leased Properties

As of the Latest Practicable Date, we had seven leased properties which have an aggregate GFA of approximately 10,753.97 sq.m. Such leased properties are primarily used as our offices and production facilities. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to five years.

Pursuant to applicable PRC laws and regulations, property lease contracts are required to be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of the Latest Practicable Date, we had not completed the registration of the lease agreements for four of the above leased properties due to the lack of cooperation from our lessors in registering the relevant lease agreements. The authorities may order us to rectify such non-compliance within a prescribed period after receiving notice, and may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. Based on our current situation, the maximum aggregate penalty for the unregistered lease agreements would be RMB40,000. If any fine is imposed, we may not be able to recover such losses from the lessors. Our PRC Legal Advisor has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC laws.

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Furthermore, as of the Latest Practicable Date, the lessors of two of our leased properties failed to provide us with valid title certificates. As a result, there are risks that we may not be able to continue to occupy and use such properties. See “Risk Factors — Risks Relating to Our Operations — Certain of our leased properties are not registered or lack valid property ownership certificates, which may expose us to administrative penalties or property use disruptions.”

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 our facilities. We do not foresee any major challenges or impediments in renewing the relevant leases upon their expiration.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to environmental protection, promoting corporate social responsibility, and adhering to best corporate governance practices for sustainable development. To effectively manage environmental, social, governance and climate-related matters, which we refer to as ESG matters, upon [REDACTED], we will establish an ESG governance framework, comprising of our Board.

Our Board will take overall responsibility for our ESG strategy and reporting. Our Board will be directly involved in setting up our overall ESG governance management policies, strategies, priorities, and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations. Solid waste, primarily consisting of lamination waste, is generated during the IC packaging and testing processes at our Suining Production Line. During the Track Record Period, we engaged qualified solid waste disposal service providers to handle and recycle the lamination waste, thereby reducing the volume of solid waste and minimizing environmental pollution. Our expenses for solid waste disposal amounted to RMB43,161, RMB44,258 and RMB45,700 in 2023, 2024 and 2025, respectively. We also do not anticipate incurring material capital expenditures or compliance costs related to climate in the foreseeable future.

Identification, Assessment and Mitigation of our ESG risks

Although we only have a packaging and testing production line, which does not involve material pollutant emission, and currently do not have, nor do we anticipate incurring, any material liabilities relating to health, workplace safety, or environmental matters that would have a material adverse effect on our business or operating results, we have nonetheless conducted regular internal assessments and reporting throughout our years of operation to proactively identify and evaluate a range of ESG-related risks, opportunities, and potential impacts. The following table outlines the material ESG issues, their potential risks and opportunities, and the mitigating actions we have adopted or plan to adopt:

Material ESG issues	Potential risks, opportunities and impacts	Mitigating actions (adopted/to be adopted)
Impact of climate change	Regulators may demand greater disclosure on emissions and tighten environmental regulations. These transitional risks necessitate a shift towards a sustainable business model and may result in impacts such as increased operational costs due to changes in operational practices.	● Monitoring the changes in ESG-related regulatory requirements and market trend

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Material ESG issues	Potential risks, opportunities and impacts	Mitigating actions (adopted/to be adopted)
Resources and energy management	Ineffective management of resources and energy can potentially result in excessive energy consumption, leading to increased operational costs.	- Promoting energy conservation and environmentally friendly procurement practices - Reviewing and accounting for greenhouse gas emissions and resource consumptions - Performing overall waste management in the offices
Human capital development	Insufficient resources dedicated to the development of human capital, such as a lack of training and promotion opportunities, may pose a risk of higher turnover rates and a less competent workforce for our Group in the medium and long term. However, by focusing on robust human capital development and offering competitive remuneration packages, we can enhance employee retention and foster greater dedication.	Providing employees with competitive social benefits and career development opportunities

ESG Related Metric and Targets

We are committed to minimizing indirect environmental impacts arising from our activities. To this end, we employ ESG KPIs to gauge our ESG endeavors, ensuring adherence to our sustainability objectives and implementing corrective measures as needed.

Given the characteristics of our business operations, the Board identifies electricity and water consumption as critical KPIs for assessing our ESG performance. To align with our commitment to environmental stewardship, we have established specific ESG-related targets. These measures underline our dedication to sustainability and responsible corporate conduct, reflecting our effort to balance operational efficiency with environmental preservation. Taking 2025 as the baseline year, we target to reduce the average electricity and water consumptions by 3% to 5% over the next three years.

Environmental Protection

We recognize the potential environmental impacts of our operations, although our activities do not cause significant environmental pollution. We have evaluated our environmental performance, focusing on greenhouse gas emissions and resource consumption, which quantitatively reflects our Group’s effective management of environmental and social-related risks.

Greenhouse Gas Emissions

Our operations do not directly produce greenhouse gas emissions. However, we are proactive in reducing indirect emissions. We use video conferencing or virtual meetings to avoid unnecessary business travel. When travel is essential, we opt for direct, non-stop flights to reduce emissions from multiple flights. We also promote environmental awareness among our staff, encouraging them to embrace a low-carbon lifestyle by using public transport and carpooling.

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Resource Consumption

Our operations are primarily office-based, with electricity and water being the main resources consumed. We are committed to minimizing our resource usage through various initiatives:

- *Electricity Consumption:* We require our employees to turn off electrical equipment when not in use, particularly during breaks and public holidays. In addition, we use energy-efficient LED bulbs and require staff on duty to turn off the lights every day, thereby promoting efficient energy management. For air conditioning systems, we have adopted multiple energy-saving measures, including setting minimum temperature standards, using the fresh air mode in winter, and turning off air conditioners 30 minutes before the end of the workday.
- *Water Usage:* We are committed to fostering a culture of water conservation within the Group, with a particular focus on reducing overall water consumption. We promote awareness of water conservation, energy efficiency and environmental protection among employees by posting signs in offices that encourage water-saving, energy-saving and paperless practices.

The following sets out the total electricity and water consumption of our headquarters in Shenzhen during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Total electricity consumption (kWh)	519,781	396,583	214,591
Intensity of electricity consumption (kWh/ thousand RMB revenue)	0.73	0.44	0.19
Total water consumption (ton)	555	560	540
Intensity of water consumption (ton/thousand RMB revenue)	0.0008	0.0006	0.0005

We will set targets for each material KPIs at the beginning of each financial year in accordance with the disclosure requirements of Appendix 27 to the Listing Rules and other relevant rules and regulations upon the [REDACTED]. Relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, we had taken into account their respective historical levels during the Track Record Period and considered our future business expansion in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other penalties due to non-compliance with environment protection regulations.

Employment Matters

Our Company is deeply committed to fostering a diverse and inclusive workplace, emphasizing equal opportunities across gender and age. By implementing policies that ensure bias-free recruitment, gender pay equity, and age-inclusive practices, we strive to create an environment where all employees, regardless of their gender or age, have equal access to opportunities for growth, development, and advancement. We champion robust anti-discrimination measures, including a zero-tolerance policy against any form of harassment. Our dedication to diversity extends to regular training programs and transparent reporting, ensuring that our commitment to gender and age diversity is not just stated but actively practiced and continuously improved.

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The following table sets out the total workforce by gender of our Group as of December 31, 2025:

	<u>Number of employees</u>	<u>Percentage</u>
Female	172	37.5
Male	287	62.5
Total	<u>459</u>	<u>100.0</u>

The following table sets out the total workforce by age group of our Group as of December 31, 2025:

	<u>Number of employees</u>	<u>Percentage</u>
Aged 30 or below	186	40.5
Aged 31 to 40	168	36.6
Aged 41 to 50	80	17.4
Aged 51 or above	25	5.5
Total	<u>459</u>	<u>100.0</u>

Our Group diligently adheres to the relevant laws and regulations, including, but not limited to, the Labor Law of the PRC and the Labor Contract Law of the PRC. In our effort to attract and retain top talent, we offer employees attractive benefits and a competitive remuneration package that considers both external market and internal salary benchmarks. Our compensation structure undergoes an annual review against these benchmarks to ensure we continue to provide competitive remuneration to our employees.

Occupational Safety

As we adopt fabless model and are not engaged in product productions, we are not subject to any material health or occupational safety risks. However, to prioritize the occupational safety of our employees and maintain the smooth operation, we have implemented rigorous contingency plans to address emergencies such as power outages, water leakage, fires, earthquakes, and toxic substance pollution or leaks. Furthermore, we provide comprehensive occupational safety education and training to our employees to enhance their awareness and promote a safe working environment. Regular health assessments are also conducted to monitor the overall well-being of our employees.

Moreover, we have established an internal system to record and manage work-related accidents. We have designated responsible personnel to handle work accidents and injuries, as well as maintain records of health and work safety compliance. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health and safety regulations.

Social Responsibility

We believe that the most effective approach to corporate social responsibility is integrating social responsibility into our business model. Since our establishment, we have consistently upheld our commitment to corporate social responsibility by extending the benefits of our ecosystem to the wider community. For instance, we remain committed to developing low-power chips to reduce the energy consumption of electronic products. At the same time, we also actively hire individuals with disabilities and give back to society through charitable donations. In addition, we have established systematic training programs to support the continuous professional development of our employees, helping them enhance their skills and advance their careers within our Group.

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Board Diversity

We have implemented a board diversity policy that outlines our objective and approach to achieving and maintaining diversity within our Board. The purpose of this policy is to enhance the effectiveness of our Board. As part of our commitment to promoting gender diversity at the Board level, we appointed Ms. Sun Xiaoling and Ms. Chu Junhong as our non-executive Director in August 2025 and September 2025, respectively. See “Directors and Senior Management.”

In order to ensure compliance with applicable laws and regulations, our human resource department periodically reviews and adjusts our human resources policies, in consultation with our legal department, to accommodate any significant changes in relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we complied with all PRC laws and regulations with respect to health and occupational safety matters in all material respects.

Moving forward, our Board will assume responsibility for establishing, adopting, and reviewing our ESG policies. It will also evaluate, determine, and address our ESG-related risks on an annual basis. We are committed to implementing any necessary improvements to mitigate these risks. In addition, we plan to regularly review our key ESG performance. Our management team will actively participate in defining our ESG strategies and targets, as well as monitoring the implementation of our ESG policies. Should the need arise, we may engage independent professional third parties to assist us in making necessary improvements on ESG issues.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may, from time to time, be subject to legal proceedings, disputes and claims that arise in the ordinary course of business. As of the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceedings, and we were not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigation.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we have complied, in all material respects, with all relevant laws and regulations in the PRC and other relevant jurisdictions, and there were no non-compliance incidents that are systemic or have a material adverse effect on our business, financial condition or results of operations.

Other Non-Compliance Incidents

Fire Safety Filings

As of the Latest Practicable Date, our Suining Production Line had not completed the requisite fire safety filing with the local housing and urban-rural development authorities, which was caused by our staff’s unfamiliarity with, and/or misunderstanding of, the regulatory requirements for fire safety filings.

As advised by our PRC Legal Advisers, the maximum risk exposure for such non-compliance incident includes a penalty in an amount of up to RMB5,000 and/or being ordered by relevant authorities to suspend the operations at the affected premise if we fail to pass the random inspection of the competent authorities. See “Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to PRC fire safety laws and regulations, and any failure to comply could expose us to liabilities, penalties or operational disruptions.”

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Our Directors believe that such non-compliance is not expected to have a material adverse effect on our business, financial condition or results of operations, on the basis that: (i) we currently plan to relocate the Suining Production Line, with renovation and relocation to the new premises scheduled for completion by the end of 2026; (ii) we have set up a fire safety filing management system to standardize fire safety filing procedures within our Group, thereby enhancing our fire safety governance; (iii) we will regularly organize fire safety awareness campaigns and training sessions for our employees, as well as fire drills for our Suining Production Line; (iv) as of the Latest Practicable Date, we had not received any notifications, investigations, or administrative penalties from relevant authorities for non-compliance concerning fire safety filings in accordance with the relevant PRC laws and regulations; (v) the maximum fine of RMB5,000 would be low, even if administrative penalties were imposed due to the failure of completing fire safety filing; and (vi) the Suining Production Line is primarily dedicated to packaging and verification testing for newly developed products in engineering batches, complementing to our fabless model. Even if the Suining Production Line were ordered to suspend its operations by the relevant authorities, the effect on our financial condition or results of operations would be immaterial, as the Suining Production Line accounted for less than 5% of our Group’s revenue during each year of the Track Record Period. We aim to enhance our internal control measures and procedures with respect to the foregoing to manage associated risks and prevent re-occurrence of such non-compliance incident. Set forth below are the key efforts we have made:

- *Employee trainings:* We provide regular trainings on fire safety for our staff, which cover key aspects of our daily operations. We also organize fire drills on a regular basis to increase fire safety awareness among our employees.
- *Management of licenses and certificates:* We have devised our license and certificate management policies, which govern the timely applications for the required fire safety filings. The license and certificate management policies explicitly require that every new property only be put into operation after the necessary licenses and certificates have been obtained.
- *Designated personnel:* According to our license and certificate management policies, we designate dedicated personnel to manage licenses and certificates required for our business operation, who are responsible for monitoring the status and renewal of such licenses and certificates in a timely manner.

INTERNAL CONTROL AND RISK MANAGEMENT

Overview

We are exposed to various risks in our operations, including those related to our business, industry, and market. For detailed information, see “Risk Factors.” We have implemented internal guidelines, policies, and procedures to monitor and mitigate the impact of risks that are relevant to our business.

Our Board and senior management are responsible for identifying and analyzing risks associated with our operations. They develop measures to mitigate these risks and assess and report on their effectiveness. To assist the Board in providing an independent assessment of our financial reporting process, internal control, and risk management system, we have established an audit committee. The primary responsibilities of the audit committee include overseeing the audit process, evaluating the effectiveness of our financial reporting, internal controls, and risk management systems, and fulfilling other duties and responsibilities assigned by the Board. For the professional qualifications and experiences of the members of our audit committee, see “Directors and Senior Management — Board of Directors.”

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any significant hedging activity.

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Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, and financial statements preparation policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Information System Risk Management

The maintenance, storage, and protection of our data and related information are crucial to our success. To ensure the security and integrity of our data, we have implemented internal procedures designed to prevent any unauthorized access, leakage, or loss. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of our data. See “— Data Privacy and Protection” for more information about our information security procedures and policies.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, finance and other departments work closely together to: (i) perform risk assessments and give advice on risk management strategies, (ii) improve business process efficiency and monitor internal control effectiveness; and (iii) promote risk awareness throughout our Group.

Corporate Governance Measures

Our Board has established our internal control and risk management department to from time to time review the implementation of our internal control and risk management measures. We have established an audit committee with written terms of reference in compliance with the requirements under the Listing Rules. The audit committee consists of three members, being Dr. Sun Xiaoling, Dr. Song Xiaoke and Dr. Chu Junhong, and is chaired by Dr. Sun Xiaoling, who holds the appropriate accounting or related financial management expertise. For details of the duties and obligations of the audit committee, see “Directors and Senior Management — Board Committees — Audit Committee.”

Ongoing Measures to Monitor the Implementation of Risk Management Policies

Our audit committee, internal control and risk management department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

IMPACT OF COVID-19

The Directors are of the view that the COVID-19 pandemic did not have any material adverse impact on our business operations or financial performance during the Track Record Period. Throughout the pandemic, our production activities, including those at our Suining Production Line, remained uninterrupted. Our logistics and delivery operations were not materially affected, and our key suppliers, particularly foundries and OSAT partners, did not experience any significant disruptions in their provision of materials or services to us.

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Although certain employees were required to work remotely for limited periods (up to 15 days), our Group maintained normal operations without major disruption, as our business is inherently adaptable to remote work arrangements. In addition, we observed an increase in demand for certain product lines linked to pandemic-related applications, such as disinfection-related devices. Accordingly, the pandemic did not have any material adverse impact on our overall business operations or financial results.